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YEAR-BOOK OF AGRICULTURAL  
CO-OPERATION  
(1933)

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## Horace Plunkett : 1854—1932

ON Easter Eve, 1932, death deprived the Foundation of the presence and personal inspiration of its Founder—Horace Plunkett. His friends were but too well aware how frail was his hold upon life, but he had so often shown his power of rallying from extremities, sustained alone as it seemed, by the indomitable zeal of his spirit, that one failed to realise week by week how great were the odds against seeing him again. He had been at the Foundation meeting of February 18, as one thought in better spirits than usual; after that, we had corresponded on Foundation affairs and were to meet, but then the thin-spun thread of life parted.

For his own happiness, one might even say for his own fame, he should have died earlier. His devotion to Ireland suffered deeply with the failure of the Irish Convention, but henceforward Irish politics descended once more into that region of bitter memories and present animosities from which he had laboured not without success to lift it. The destruction of Kilteragh hurt him grievously; from that time he made his home in England and could only feel that his gentler wisdom was of little account in the fierce currents that were running in his own country. But he could never lay down his mission; he would give the rest of his days to rehabilitating the life of the countryside in England and the Empire, even as he had begun in Ireland: and to

that end he endowed the Foundation that bears his name. When I think of Horace Plunkett's single-mindedness and the unselfishness with which he flogged a tired body into action when he had earned every right to rest, I am rebuked to remember how little I did as the Chairman of his Trustees to further his cause. I believed, as I still believe, in his gospel for agriculture, but few of us can, as he could, forgo all other interests for the one to which we have sealed our faith. And even this final dedication of Plunkett's seemed to bring him little of the only reward he asked. The tide was then running against co-operation in agriculture. The war and its aftermath had made English farmers politically conscious and the leaders of their new organisation aimed at solving the agricultural problem by other ways than Plunkett's. Indeed, Plunkett hardly understood and had little sympathy with the English capitalist farmer who knew his own competence and believed in competition between man and man, whose aim was limited to securing a fair deal for their business in an industrialised community. Plunkett's heart was with the little men, to whom farming was a means of living rather than of making money. And so I fear Plunkett watched with some sadness the slow progress the Foundation seemed to be making; the walls of Jericho did not fall down at its call. Plunkett dreaded the intervention of the State in farming; he wanted farmers to make themselves independent of the State; and to his despair they seemed only desirous of getting the State to do for them what they could do for themselves by union and trust in one another. Plunkett's faith never wavered, but it would have cheered his latter days had he seen a little more result in his time.

And yet perhaps Plunkett was more justified in his faith than he thought: his ideas were quietly moving in more men's minds. The farmers' leaders had some justification for holding that the course of modern business had become too complex to allow the farmers to obtain control without the backing of the State, but they are now realising that their organisation will become powerless to get its way unless it possesses an economic as well as a political backbone. Schemes like the one the Pig Reorganisation Committee have put forward, and other plans under the Marketing Act, might leave farmers completely in the hands of a business syndicate unless they build up a co-operative structure within the organisation. It is becoming a case of control or be controlled. So Plunkett's ideas, Plunkett's methods, Plunkett's passion to preserve the little farmer by combination, have yet their part to play in the agricultural community. And it is the mission of the Foundation not to allow his spirit to be forgotten, to keep continually before men's minds his human approach to the problems presented by rural society, changing as it is under the stress of new economic conditions.

The Foundation has lost its leader; it must ensure that he being dead yet speaketh.

A. D. HALL.



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## SUPPLEMENT :

DIGEST OF CO-OPERATIVE LAW AT HOME AND ABROAD, by Margaret Digby . . . . .	<i>Following page 204</i>
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## CO-OPERATION AND THE DEBACLE

' THE world has been living under the stress of repeated shocks, which have completely undermined the confidence on which the system of private investment depended. The process of disintegration has been pursued to the point where it has become an attempt to liquidate not only private fortunes and industries but whole countries. . . . The controls and restrictions intended to remedy the trouble have merely aggravated it. . . . In all directions there are signs of the paralysis of trade, and the threat of bankruptcy and of financial collapse."

This epitaph for a capitalist system, written by the British Government in their second War Debts Note to the American Government toward the end of 1932, adequately sketches the background against which the state of co-operation in that year is most significantly to be reviewed, a silver lining if not yet an actual break in the clouds. The particular aggravation of inter-governmental payments was mentioned in last year's article on "Co-operation and the Crisis" in recording how deeply co-operative organisations were involved in the depression. A continental co-operative paper was quoted as stating that "politically, economically and industrially we are almost at the end of our strength." But the movement, even in Central Europe, has revealed a greater vigour than was expected. In Germany it is showing renewed confidence and is assuming new responsibilities. In Eastern Europe and Scandinavia it is exercising new capacities for domestic and international development. In the British Isles the rural as well as the urban movement grows in strength and numbers. In Canada there is a renewal of confidence in co-operative methods in general and an active revival

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of the wheat pools. In the United States the liquidation of the governmental Stabilisation Corporations is demanded by the co-operatives, while membership of these voluntary marketing organisations makes further advance and the whole position is consolidated. In Argentina the first serious attempt to organise a co-operative elevator system and wheat pool takes practical form. In Australia, the wheat pools buy out grain brokers and the volume of other co-operative business increases. In South Africa, membership shows an increase of one-fifth during the year. In New Zealand, co-operation "is holding its own". In Japan, the Government commits its agricultural population to a Five Year Plan devised and administered by the Co-operative Union. China adopts a policy of co-operative development. Spain clings to it through all political changes. Bolshevism and Fascism alike find it necessary to their stability. The economic hope of the Indian peoples is more firmly set than ever in co-operation; more British Colonies turn to it for their economic development.

Thus, none of those dark reflections of the British Note can truthfully apply to that part of "the system of private investment" which is co-operative: confidence has not been undermined; there is no process of disintegration, no attempt to liquidate co-operative fortunes, no sign of paralysis, no threat of bankruptcy or of collapse. Co-operation is standing firm in the midst of the debacle descried from Downing Street.

The recognition of this survival value of co-operative organisation, its power of resistance to economic shocks which affright the most powerful capitalist combinations, is profoundly stirring the co-operative thought of the world, excepting where the movement is undeveloped on one of its economic sides, as in America, or is definitely subordinate to an established regime, as in Russia and Italy. Elsewhere the early aspirations of the movement are being translated from the glowing language of

youth into the well-tempered terms of middle age. Ambition fired the imagination with visions of the Co-operative Commonwealth ; the new language seeks to disentangle the precepts of co-operative economics from the traditional teaching of the schools ; it notes the actual experience in production, exchange and distribution of goods without other intermediary than co-operative organisation ; it surveys the financial resources of the movement, the aggregate wealth withdrawable from a chaotic capitalist system and available for production based upon the ascertainable demand of organised consumers, and records with each increase of inter-co-operative foreign trade the growing need for international finance of a strictly co-operative character, for an independent system of exchange with an international co-operative bank—not to hoard gold but to canalise co-operative thrift ; with greater clarity than can be possible for the experts of a World Conference of competitive nations, it prescribes a co-operative monetary union, a currency based upon the real value of co-operative goods. The movement has not yet produced its economist to give coherent shape to its emergent precepts, but many minds are at work at home and abroad ; what is perhaps most important is that this revival, this restatement of the inherent purpose of co-operation is finding expression through the official brain of the movement, the International Co-operative Alliance, and that its character is being stamped on the program which the Alliance is preparing for the International Congress if it meets in London this August. This is evident particularly in the submission of two subjects for discussions which might well make co-operative history : (1) international agreement on co-operative principles, and (2) an international program of economic policy. The Congress would have a supreme opportunity to impress upon the whole world a clear statement of economic principles applicable to world production and commerce by co-operative methods ; it would be addressing an

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audience made hungry for such fare by the World Economic and Monetary Conference.

Whether, however, discussion by the International Congress is the only or the best method of dealing with a situation in which action more than words is desired, may be questioned without reflection upon the Congress as the ultimate authority in international co-operation policy. Unlike the economic experts of nationalist capitalism, the leaders of the movement have a wide foundation of agreed principles on which to plan a concerted advance. The immediate problem is strategic—how to attain objectives already defined by the declared policy of the Congress. The moment may be opportune for a wider exercise of responsibility by the I.C.A. in such agreed matters, which the whole movement would welcome, even if assumed under the authority of a smaller body than the Congress; and this would be particularly the case if, as we are informed, certain national movements are faced with material objections to sending the customary large delegations. It would be no disaster should the biennial Congress for once give way to a special emergency Congress of a more executive nature.

It is significant and desirable that the constructive thought of the movement should be focused through the official body of the movement. At the same time it is disappointing to have no significant action to record on the part of that other authoritative body, the International Committee on Inter-Co-operative Relations, which forms a contact for many agricultural organisations with the I.C.A., not yet members of the Alliance, whose collaboration will be essential to any comprehensive economic policy. The Committee has met several times and has assembled valuable data on inter-co-operative trade but has made no pronouncement beyond its previous general recommendations regarding national joint committees. The death of its distinguished chairman, Albert Thomas, was a most untimely

misfortune for this new venture in world leadership ; his successor at the International Labour Office, Mr. Butler, already personally interested in the matter, has accepted the chairmanship of the Committee. Another new body, the International Institute for the Study of Co-operation, academic in the best sense of the word and already making valuable contributions toward an understanding of the actual co-operative situation and to the theory of co-operative economics, has also lost its leading spirit in the death of its Founder, Professor Charles Gide, widely mourned by co-operators throughout the world.

While the mind of the movement is thus rising to a world economic situation in which co-operation's demonstrated vigour may at any time be called upon for more positive action, its material body as yet shows little response to its opportunities. It is frequently alleged that co-operative business becomes conservative in proportion with its growth ; but its commercial leadership has never before faced conditions in which caution was more expedient. The Rochdale Pioneers had to think out their simple plan clearly before anything was done ; at the present juncture co-operative planning is infinitely more complex ; moreover, in few business organisations of any kind is there anybody in executive position whose business it is to make the plans required to take advantage of the otherwise unforeseeable opportunities of the day. Fresh advance may need fresh pioneers. Neither in national inter-co-operative trade nor in international commerce has any development of first magnitude taken place. Even the artificial stimulus of economic nationalism has had little effect. In Scandinavia there are signs of a new national integration ; elsewhere, even with highly developed co-operative distribution and wholesaling, there has been no notable drawing together of consumer and producer. The bridge builders lift unspanned arches over the gulf : the English farmers are exhorted to become " contract-minded " and the English

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consumers are admonished to "Buy British" but their organisations stand apart; we are still a nation of farmers and shopkeepers, not co-operators, even under high nationalist compression. Internationally, co-operative trade only in rare instances has devised any offset to the discouragements of quotas, tariffs and uneasy exchanges, although the effect of these barriers could be modified by joint action of national co-operative bodies in a manner long contemplated theoretically and in isolated cases practised.

Lacking any comprehensive joint action in trade and finance, the solid ground of co-operation is not a continent but islands in a treacherous sea. The population of the islands may number several hundred million and their total trading turnover amount to many thousand million pounds; but double these figures, and co-operation will remain a negligible factor in world economy so long as the movement gives a picture of South Sea Islands dozing in a Pacific Ocean. One of the waking signs of the year to be added to existing international enterprise has been the formation of an Inter-Co-operative Bureau of Danubian Countries, on the initiative of the Rumanian, Bulgarian and Yugoslav movements, to trade in wheat and other produce and requirements, and others are to be seen in the increasing relations between North European movements, including the successful establishment of the first international co-operative factory, "Luma", on Swedish initiative and with the support of the national wholesale societies of Northern Europe, which has successfully broken the electric lamp monopoly. These are comparatively small enterprises, yet important enough additions to suggest that unless the International Wholesale Society is taken out of the nursery soon, it will never grow up; its place will be taken by other children of the movement. As a centre of research and information it is made redundant by the enlarging scope and the quality of the work now done by the International

Co-operative Alliance ; as the number of specialised international trading bodies increases, the tendency will rather be to encourage them to draw together in an international group for finance, than to continue the existence of a paper international.

In its tendency to reconsider the whole economic outlook of the world, co-operative thought is only keeping pace with the more speculative ideas which are being forced upon the capitalist system in its agony. There is a difference, however, in the character of the two approaches to a new economic order. While, as indicated, co-operative planning is somewhat laboriously dealing with the factors of immediately possible developments, and actual co-operative business development is definitely conservative, capitalist planning under the stress of present or imminent catastrophe is inclined to rush to economic extremes by the short cut of political action, and actual capitalist development itself is experiencing rapid modification, for example, in the creation of public utility bodies from which the investor receives a moderate return with some form of State guarantee. The substitution of the principle of public control for that of public ownership is becoming in many countries a working compromise between the more crudely antagonistic ideas of capitalism and socialism. One may optimistically regard it as a roundabout way to co-operation ; but the control of such bodies is political rather than directly economic, and is thus subject to the exigencies of political situations and the confusion of political ideas. At a time when many statesmen assume the failure of democracy and use their economic control for the promotion of conflicting nationalist aspirations, co-operators are bound to examine these capitalist developments carefully before taking the optimistic view of them. They will want to be assured that proved and trusted principles of co-operation are not sacrificed in such apparently reasonable enterprises, in particular democratic control and international progress. Some services are of essentially



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national character—electricity, railways, road transportation---into which international competition does not enter, though the power which their control confers is obviously a danger in the hands of party or personal dictatorship. Commerce in food and primary products, manufacture for export, and international transportation, are in a different category. The alternatives as co-operators will see them are whether to assert that international agreement on these matters can better be reached through their own voluntary organisations, or to trust in its achievement through the authorities represented in the League of Nations and the Disarmament Conference. The only other possibility, that international capitalism itself, without inter-state treaties, would reconcile the inherent conflict of interests between national groups of capitalists, has proved to be a vision whose passing indeed foreshadowed the present ominous inadequacy of the system. But world economic catastrophe, according to such a trusted observer as J. M. Keynes, is the only eventuality which will force the nations to agreement. The purpose of co-operative construction of a new economic order does not depend upon such violent events, though it may be stimulated by them. What appears to be more likely than catastrophe, in spite of the apprehensive view presented in the British Note, is a prolonged period of economic uncertainty, during which the essential services of the world, if undisturbed by war, will be gradually transferred piecemeal to whatever authority—state, public utility or co-operative—may be able to acquire at once the material resources and the popular mandate to perform them. In this new economic regime, not visionary but emergent, competitive not to take profit but to give service, the ideologies of yesterday are obscured. It is already producing a new set of ideas. Hopes that clung to aristocracy, to bureaucracy, to the undefined democracy of politics, are looking for a technocracy to direct and manage a well-planned world. In this competition for service the

economic technique they have learned by experience gives co-operators an advantage. They have also the benefit of unprejudiced observation of events in Russia, where a co-operative system, necessary to the existence of the State, is struggling to survive the political control which the State imposes upon it; more important to the rest of the world than any desire or fear inspired by a political theory, may be this giant travail of economic forces striving by one or the other means to take a form that will safeguard civilisation from individual greed and national animosity. With foresight cleared by observation and courage re-fired by recent experience, added to its acquired technique, co-operation should be not only the safety link it is, at its lowest estimate, in a period of change, but the deliberately planned foundation of a new social order.

## ENGLAND AND WALES

THE agricultural co-operative societies having adjusted themselves to the low price level, conditions now appear to be favourable to their expansion. The purchasing power of the farmer seems to have reached the lowest possible level for any continuation of the industry, and there has been a relative stabilisation of prices in commodities with which the societies are most concerned; the chief decline has been in livestock and meat, in which they are not heavily committed, with the exception of the few bacon factories. These are marking time in the hope of amelioration of conditions by the Pig Marketing Scheme, to be referred to later. Most of the societies report considerable increase of membership and a larger volume of trade; among the larger societies there are striking instances of progress; for example, Carmarthen Farmers \* sold 4,531 tons more of goods than in the preceding year; Eastern Counties' Farmers showed a trade increase of 11 per cent.; West Cumberland Farmers had an increase of £16,000 in the value of turnover even at the low price level. The wool marketing societies have become of growing importance with the reduction of wool staplers and other buyers. Egg and poultry societies also have made progress. The value of co-operative organisation in hard times has been a revelation to numbers of farmers, members and non-members, and with other influences has brought about a great revival of interest in the subject in its various aspects.

\* For details regarding this and other Welsh societies, and a general account of the movement in the Principality, see *Agricultural Co-operation in Scotland and Wales*, published by Routledge in November, 1932.

The movement has been encouraged by the response of the National Farmers' Union to the views expressed by the societies, recorded in the preceding *Year Book*, welcoming the opportunities for the promotion of closer relations with that body. The constitution of the N.F.U. Co-operation Committee was revised to include direct representation of the societies on it, with the intention of thus giving to the societies, in the fullest measure compatible with the constitution of the N.F.U. itself as an organisation comprising in its membership individual farmers of different opinions on co-operation, a centre for dealing with matters of common interest. The promotion of an independent national committee of managers of requirements societies, one of the first actions of the new N.F.U. Committee, was welcomed as an expression of a policy recognising the national status and reliability of the co-operative organisations.

After some months of deliberation the N.F.U. also accepted the Agricultural Marketing Act and the task of preparing schemes for adoption under it. Distinct from such schemes, submitted or in preparation, a national egg-marketing plan has been submitted by the Union which provides for import quotas, compulsory registration of producers and dealers, the fixing of minimum prices payable to producers, the alteration of the statutory grades and purchase (for re-sale) by weight or statutory grade. The Hop Marketing Board, the only scheme as yet established under the Act, appears to be working to the satisfaction of the growers, now unanimously brought into the constitution of the Board by the compulsory provisions of the Act.

The greater readiness to accept the Marketing Act has been partly due to the extension of "safeguarding" to agricultural produce and the definite promise of a secure market. Wheat alone has not come under this incentive to marketing organisation, but has been specially favoured with a moderate protectionist tariff and a generous subsidy. Other tariffs are of only mild

incidence and farmers have been given to understand that if they want more effective measures of control by tariff or quota, they must get their own marketing up to an industrial standard so that the import of produce can be "scientifically" co-ordinated with domestic production. Thus the recommendations of the Pig Commission provide for an adjustable quota scheme to keep pace with the increase of bacon production which the full scheme of the Report is designed to promote. The Report dealt exclusively with the bacon pig and brought the curers within the marketing structure of its recommendations in order to provide for a contract system between producer and curer and the joint negotiation of prices by their respective Boards. The statutory establishment of two Boards for a single commodity, one buying from the other, with another Board as arbitrator, does not come within the provisions of the Marketing Act and it is proposed to amend the Act accordingly. The creation of a curers' Board, whether statutory or voluntary, in either case will set up a powerful bargaining agent. The two Boards, with additional members, constitute the chief authority under the scheme, the Pig Industry Development Board, which will be the arbitrator on price negotiations. But it will depend upon the complementary bargaining power of the producers' board, in the first place, whether the advantages and economies of the system are shared by producer and consumer or accrue to the capital interests of the curers. The situation likely to be created will be closely watched by those who have had experience in the similar bargaining problem presented by the central position of United Dairies; the outcome may well be a wider recognition of the desirability for the control of all such intermediary processes to be in the hands of either producers or consumers or jointly exercised. A Bacon Pigs Marketing Scheme under the Act has been submitted to the Minister of Agriculture and the Secretary of State for Scotland by the N.F.U. with support of the N.F.U. of Scotland.

The Report of the Milk Commission, which had not been issued at the end of the year, is also expected to deal with this central problem of the intermediary between any producers' organisation which it might recommend for certain districts not already otherwise absorbed in the capitalist or co-operative systems, unless it restricts its recommendations to the provision of statutory sanctions for the bargaining system already in being. The latter would be the minimum of reform acceptable after the unusual severity of the annual crisis of bargaining in the past year. The present power of the producers' representatives on the Permanent Joint Milk Committee rests upon the threat of the dairy farmers to combine for direct sale to the consumer as a last resort, the armed force behind diplomacy. Before the annual peace treaty for the current year was signed, war was imminent in many districts. The Eastern Area Milk Committee put up a sharp fight; milk was retailed by a few farmers in Ipswich and given away where it could not be sold. The committee subsequently decided to continue the association as a permanent selling organisation. The weaknesses of using merely as a threat their power to combine for action, had been felt in other districts; a national committee was set up at a special meeting of dairy farmers held during the Dairy Show in London. By such simple means a few earnest farmers thought it would be possible to form a national selling organisation based on district associations. The promoters, unpractical from the beginning, were impatient with the indifference of N.F.U. headquarters and turned for alternative national support to the Central Chamber of Agriculture. Through the Chamber they were introduced to a mushroom company, the Empire Farmers Co-op., Limited, which had already announced its intention of organising the milk industry and all the other produce marketing of England and the Empire. There the story of the milk revolt rests, though its significance will not be understood if it is regarded merely

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as a rebellion in the ranks of the N.F.U.—it was essentially an assertion of the producers' desire to organise, not for war or threat of war, but for the provision and control of the necessary services of orderly marketing.

The incident of the Empire Farmers Co-op., Limited, is of importance as showing the need of a better public understanding of co-operative marketing and the manner in which it can be and cannot be organised. The patriotic propagandist value of "Empire" and "Co-operation" won wide publicity for a pretentious statement by the company which nobody well-informed about co-operation could read with anything but amusement or suspicion. On investigation, the Horace Plunkett Foundation found that its assertions regarding connection with existing co-operative organisations were false, but that the publicity given to the fictitious scheme of its managing director was being used to sell shares to farmers and that at least one important co-operative society was considering "amalgamation" under promise of financial support for expansion. Timely warning prevented any harm being done in the latter case, and the N.F.U. also took steps to protect its members and the societies on its register. The company was registered under the Industrial and Provident Societies Act, but with rules permitting the voting of unlimited holdings of loan shares and debentures, thus defeating one of the main provisions of the Act, the restriction of shareholding to a maximum of £200 by any one member.

### *New Agricultural Policy of the Consumers' Movement.*

At the Annual Congress of the Co-operative Union held at Glasgow at Whitsun, an agricultural policy was adopted which, while crystallising ideas which have been developing for several years past, presents for the first time in a definite form a point of view much more satisfactory to agricultural co-operators than

has for many years been current in the movement. It is summarised as follows :

“ The actual point of contact between organised producers and organised distributors is obviously marketing, and the first essential to general agricultural stabilisation should be the organisation of agricultural marketing. The Agricultural Committee feels that its official policy should be directed to the preparation of organised marketing schemes, for with such schemes in operation there is little doubt that reliable information could be obtained on such matters as production and distribution costs. On the basis of such information there is no doubt that the agricultural industries could be stabilised and become economic. . . .

“ The national scheme proposed by the Co-operative Milk Committee involves a National Marketing Board, equally representative of producers and distributors, providing the necessary subsidies for the manufacture of surplus milk by means of levies on the liquid milk trade. This scheme appears to be quite equitable, and the basis has already been accepted by the National Farmers' Union. In all probability the scheme would have to be operated on an area basis. So far as the Co-operative Movement is concerned, the Wholesale Society would function as a supply and balancing agent, undertaking the manufacture of surplus milk and the provision of accommodation milk.

“ As a first step towards reorganisation of the Milk Supply, the Co-operative Wholesale Society should act as a National Milk Clearing House for the Movement, through which all supplies of milk should be passed and registered. The Co-operative Wholesale Society should be the intermediary between the producer societies and/or individual producers and the consumers' societies, and, aided by a committee jointly and equally representative of the producer and consumer, should fix prices. The Co-operative Wholesale Society should be responsible for equipping dairies where the local consumers' societies are disinclined or unable to do so. They should allocate supplies, balance quantities, and manufacture surpluses and by-products. . . .

“ We are of opinion [meat] marketing should be controlled by means of joint boards equally representative of producers and distributors. In all probability such boards would appoint small sub-committees representative of each side, to meet weekly to consider the stock available and the probable requirements, thus attempting to balance production more in accordance with requirements. We are further of the opinion



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that the function of the Wholesale Societies would appear to be involved in the balancing of supplies by means of imported meat and in bulk buying for any groups of societies. The immediate aim of our agricultural policy, however, is to concentrate on the buying of meat for the Co-operative Movement, and the manufacture and utilisation of by-products through the Wholesale Societies and the agricultural co-operative societies. . . .

“ Inter-relation between agricultural and industrial co-operatives on a national scale is unlikely to develop without the provision of certain credit facilities, and more favourable credit terms are unlikely to be provided through the existing joint-stock banks. No doubt in national marketing schemes the Government would have to be a party to suitable credit facilities.

“ The Committee is also of the opinion that in view of the dearth of capital in the agricultural industry, and the growing difficulty experienced by consumers' societies in utilising their surplus funds, no opportunity should be lost, consistent with the safety of the capital employed, of utilising consumers' capital and the experience of agriculturists in joint undertakings for their mutual advantage. . . .

“ Where an agricultural requirement society actually exists in an area it appears reasonable to continue the supply of these requirements through the Wholesale Society, provided definite agreements are made as to the prices for different bulk quantities with both the retail and the agricultural societies in that area. Undercutting would then be rendered impossible by direct agreement, and industrial societies would still be able to offer return service to the suppliers of their agricultural commodities. A good scheme of intertrading could therefore be developed in many areas, leaving the agricultural requirement societies to market directly outside the intertrading basis. Where no agricultural requirement society exists, retail societies should endeavour to obtain all trade available in agricultural requirements. Should an agricultural requirement society be subsequently formed in that area, arrangements should be made by mutual consent for representation of the industrial societies concerned on the marketing board set up between the agricultural society and the wholesale.”

Reference was made to the proposals of the previous year for bringing agricultural societies into membership with the Co-operative Union. Little definite progress, however, appears to have been made on these lines. Congress passed a scheme

for the complete reorganisation of the constitutional machinery of the Co-operative Union. This will involve, among other changes, the abolition of the separate agricultural committee, though the services of the agricultural organiser will be retained.

### *Women's Institute Market Stalls.*

An interesting development on a relatively small scale has been the organisation of weekly produce stalls in country towns by members of the Women's Institute movement. In some cases these stalls are situated in the public market, in others separate premises have been rented. Produce sold includes eggs and poultry, butter, vegetables, fruit, flowers, cakes, jams and pickles. Service is voluntary and a commission of 1d. in the shilling is charged to cover expenses. Some stalls have already been running for several years, but their number has greatly increased in the course of the last twelve months and for the first time it has been decided to register them as co-operative societies with model rules based on those of the smallholders' co-operative organisations. Stalls exist in the counties of Kent, Sussex, Surrey, Wiltshire, Isle of Wight, Somerset, Shropshire, Carmarthen, Cardigan, Monmouth, Berkshire, Oxfordshire, Buckinghamshire, Hertfordshire, Cambridgeshire, Essex, Suffolk and Cumberland and there is a probability of others being formed in Devonshire, Northamptonshire, Lancashire, Pembroke, Westmorland and probably elsewhere. Turnover varies between about £200 and £3,000. In some stalls only the produce of Institute members is handled, but the general policy, at least among the more recent stalls, is to admit also small-holders, allotment holders, and others having small quantities of produce for sale.

### *Inter-trading in Wales.*

The situation in Wales was fully described in the Survey published, together with that of Scotland, by the Horace Plunkett

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Foundation last November. A more recent event of importance in the movement was a conference of agricultural societies and representatives of the Farmers' Union in December which instructed the Council of the Welsh Agricultural Organisation Society to inquire how far industrial societies were prepared to assist in the matter of inter-trading in farm produce.

## SCOTLAND

THE year has been a difficult one for agriculturists in Scotland as in England, but societies in general have held their own well. A survey of the movement, uniform with those of England and Ireland, was made by the Horace Plunkett Foundation and published in November.

The most striking developments have been in the preparation of schemes under the Agricultural Marketing Act. The most important concerns the Scottish Milk Marketing Board to handle liquid milk in the whole of Scotland south of and including Perth, Angus and the southern half of Argyll. If adopted, all liquid milk producers will be obliged to sell to or through the Board. Votes, on a poll, will be in proportion to cows. Producers will be obliged to furnish particulars of quantity produced and present destination of that sold liquid and to accept the Board's ruling as the method of dealing with it in future. The Board is authorised to negotiate and fix prices and also itself to handle or manufacture milk. It handles payments for milk, and is empowered to impose a levy to meet its expenses and to distribute surplus in the form of bonus on business done. It is anticipated that the scheme will be ready for presentation to Parliament in March, 1933, when if approved it will still have to be submitted to a poll of producers. The scheme affects fundamentally the business of three groups—the liquid milk producers, the farmers' creameries and the distributors, prominent among whom are the consumers' co-operative societies. Success will depend on the approval of all three. It may be noted that the Aberdeen section of the Scottish Milk Agency, now operating

as a separate co-operative society, will not be affected by the proposed Board.

A similar scheme for the marketing of the Perthshire raspberry crop (largely destined for jam manufacture) has also been drawn up and is expected to come before Parliament in February. It provides for price negotiation and price fixing by a Board handling all the raspberries of the country, with the exception of those sold in small quantities. It provides, further, for levies and the distribution of surplus as in the case of milk. Producers will have votes in proportion to acreage with a maximum of five.

The Border Farmers' Slaughterhouse reopened early in the year and appears to have carried on satisfactorily, but more extensive plans for livestock marketing are in view and the committee of the S.A.O.S. acting as a Reorganisation Commission is opening an investigation into the marketing of fat stock. The potato growers and egg producers are also anxious to have schemes for their particular commodities, but it is unlikely that these will be attempted till those already drafted have been safely launched.

It is interesting, though not altogether gratifying, to note that there appears to be a growing school of opinion in Scotland in favour of Parliament legislating marketing schemes into force without having resort to the poll of producers and some of the other stages of procedure laid down in the Marketing Act. The S.A.O.S., which has always advocated the opportunity of using compulsory powers offered by the Marketing Act, is nevertheless quite unsympathetic to this desire to shelve individual responsibility, abandon the co-operative method and surrender at discretion to a paternal state. That their point of view is shared by many of the farmers and their organisations is shown by the Scottish Wool Growers, which continues to progress on a basis of voluntary co-operation and has no intention of drafting any new scheme or applying for powers under the Marketing Act.

## IRELAND

BY

H. F. NORMAN

THE statistical situation of the movement, as reflected in the work of the societies organised by the I.A.O.S., shows that during a year notable everywhere for the serious slump in agricultural prices, and marked by a national medley of tariffs and subsidies, Irish agricultural co-operation stood its ground better than the general run of agricultural businesses. A decline in money values of  $9\frac{3}{4}$  per cent. for the trading of the local dairying, agricultural and miscellaneous societies (from £6,626,525 in 1930 to £5,978,266 in 1931) is fully accounted for by the drop in the official Agricultural Index, for the latter year, of over 10 per cent. —from 124·8 to 110·1. The greater part of the fall is of course due to a reduced price for butter, the prices for which are given in the official Statistical Abstracts of the Ministry of Industry and Commerce as 121s. 1d. for 1931 against 124s. 8d. for 1930 (f.o.r. at creameries) for butter sold in the Irish Free State, the corresponding prices for creamery butter exports being 127s. 6d. and 113s. 4d. respectively.

The Government statistics point to a growing disparity between the prices obtained for “creamery”, “factory” and “farmers’” butter, in favour of the former. The fact that the great bulk of Irish butter is of creamery origin, that when it is manufactured in co-operative creameries, the full value of the milk, less only manufacturing costs, finds its way back to the farmer, means that co-operation pays him where proprietorism

would not. Fourpence to fivepence a gallon is far indeed from opulence, but the difference between this payment and a deduction of, say, 10 to 20 per cent. on this price due to a lower price for non-creamery butters is for many milk suppliers the difference between minute profits and none. Farming, it will be remembered, is on a minute scale and prices which are said to do little more than cover costings on the larger farms of Australia would bring Irish dairying below the poverty line. There was a reduced butter output, from 55,605,620 lb. to 48,558,149 lb., from these co-operative creameries from which particulars are obtainable, but there were indications of increased sales for milk and cream, and there is a growth in the production of cheese, in which one creamery, that in Mitchelstown, transacted a business of around 70 tons in the year and for this branch of dairying, in which several societies have begun to engage, an increased home sale is predicted. Taking the turnover of the movement as a whole, it is clear that the decrease in values occurred side by side with an increase in the quantity of goods sold.

The agricultural requirements business in 1930 is shown in the I.A.O.S. statistics as £628,495 for 1931 as against £610,287 in 1930. When, however, the trade of a similar kind transacted through creameries is added, the totals for the respective years amount to £1,533,765 and £1,535,930 respectively. Here there is an increase in quantities though a very slight drop in values. The business of the miscellaneous societies for these two years was £683,565 and £691,451 respectively. It will be seen that in a year of exceptional difficulty, the societies continued to consolidate their trade, the decline in money values being much less than the various price indexes would suggest. The same fact appears in the trading figures for the Irish Agricultural Wholesale Society, whose "wholesale distributive trade" in 1931 was, as in 1930, over half a million sterling (£543,417), the drop in values being less than 4 per cent. below those of the preceding

year. The cessation of the Irish Associated Creameries referred to last year, and of the Irish Co-operative Agency Society, reduces federal sale to that of one Society only.

It is not possible within the limits of this article to note individual cases of progress amongst local societies, but it should be said that progress continues to be made from backward Dungloe, in the north-west, to Irish Meat Ltd. (Waterford) at the opposite corner of Ireland, whose business is being worked to full capacity, and in the old established societies in between. An analysis of the financial situation in over 60 dairying societies in Munster and South Leinster, taken as being typical, brings convincing evidence of the stability of the movement. It justifies a strong conviction that the business of the societies with very few exceptions is as firmly established as any business which can be called upon to face those economic perplexities and vicissitudes from which no country and no basic industry is immune to-day.

There has been no change in the position of the credit societies. Loans due to the State are being repaid.

If the future of farming must be regarded as obscure, in Ireland as elsewhere, whatever changes the future may hold, the co-operative movement has proved that it has roots deep enough to withstand even such uncertainties of economic weather as have marked the last few years. Should there be any marked departure from existing farming practice, the movement should be able to adapt itself to any reasonable change. For, it is common ground between those who foresee a return to cereal growing on a large scale and those who deprecate it, that the livestock industry, and with it of course dairying, should be advanced *pari passu* with increases in tillage. If, in view of recent fall in price, the butter industry does not develop as rapidly as might be desired, there would seem to be new openings in crustless cheese, in milk powder for confectionery and other



offshoots of dairying. Our co-operation has not yet, indeed, come fully into its own, but Ireland, in common with the world, is seeking for an ideal solution of such vexed questions as the relation of the consumer to the producer and both to the State, such a solution as was first adumbrated here when the late Sir Horace Plunkett, the President-Founder of the Irish Agricultural Organisation Society, started his campaign.

No summary of the co-operative happenings in Ireland during 1932, however brief, can omit reference to the loss sustained by the Movement through his death. His faith in the principles of co-operation was the inspiration of the movement, and it is to his unswerving courage, unflagging zeal, persistent energy and the generous and sustained application of his talents, time and means to these principles, more than to any other factors, that the work he initiated and the organ he evolved in the I.A.O.S. for its development, owe the success they attained. That in the thirty-eight years since its inception a business estimated at £200,000,000 was carried on by farmers for farmers, under a fosterage but for which it had either never come into existence or it had only led to the exploitation of agriculture by industrial capital, is perhaps the single fact in his public career on which Sir Horace himself most cared to dwell. The union in the cause of co-operation throughout Ireland, North and South, of human elements the most diverse and often divergent, and their common share in the benefits brought over a long series of years to some 100,000 people, is an historic memorial of his work for it.

#### NORTHERN IRELAND

The Ulster Agricultural Organisation Society's scheme for the joint grading of butter (discussed in the last *YEAR BOOK*) has been more fully developed during the past year. A Joint Committee has taken charge of arrangements whereby butter for Belfast is graded under two designations, "premium" and "below

premium", only the higher class being accorded the official registered mark and so obtaining the full price (fixed on each Friday for the succeeding week) as agreed upon by the Joint Committee, which consists of two representatives each from the Ulster Agricultural Organisation Society, the Ministry of Agriculture and the Belfast merchants, with the President of the U.A.O.S. as Chairman, a representative of the Ministry as Honorary Secretary, and of the merchants as Treasurer, whilst the Secretary of the U.A.O.S. acts as Official Grader. Grading is done twice weekly, and a certificate issued showing the creamery's name, the merchant's, the quantity, the grade given and the grader's observations. Each creamery and merchant contributes £5 and each box of butter is dated and code marked, one box from each churning being left for the merchant to call for it. This, which is a purely voluntary scheme, is working satisfactorily and tends toward a definite improvement in quality and a general keying up of the work done in the creameries, whose staffs naturally take a keener interest in the making of a product whose prospects of obtaining the best deserved price are increased through its operation.

The belief that flax production may be increased side by side with an improved outlook for the linen industry, though still only in its speculative stage, gives optimistic co-operators some grounds for a forward glance, as they remember that co-operative flax milling was carried on effectively in bygone years in various Ulster centres. The Report of the British Pig Reorganisation Commission has been favourably received in Northern Ireland. Britain's wheat policy may also have important reactions in some districts—there is believed to be a considerable expansion of wheat acreage in Co. Down—and Ulster farmers share the desires expressed by farmers in Great Britain for a meat policy which may lead by way of quotas or tariffs to home production at increased values.

## CANADA

BY

A CORRESPONDENT

ANXIETY for the future of co-operation in Canada tends to focus itself on the state of wheat marketing in the Prairie Provinces. Here, though it is idle to pretend that there has not been a carry-over, not merely of grain but of many fair hopes and ambitions, the experience of the past year has been distinctly reassuring. In view of the confusion in the public mind regarding the present status of the co-operative grain marketing movement in Western Canada and because the recent experiences of prairie co-operators contain a number of valuable lessons for the co-operative movement in all countries, it may be well to state the outstanding events which have led up to the cross-roads which to-day face the farmers of the Canadian plains.

As the history of the struggles of prairie farmers during three decades which culminated in the great co-operative successes of 1923 to 1929, when the Pools had a daily turnover of approximately one million dollars, is well known, we may start with the first year of the Pools' crises. It will be recalled that when wheat was selling in the autumn of 1929 well above \$1.50 per bushel the Pools made what everyone considered an ultra-conservative advance to their members of one dollar per bushel. A combination of unforeseeable events, mostly manifestations of the impending world-wide economic crisis, brought a heavy fall in prices in the winter of 1929-30. When prices reached the \$1.25 level there was growing apprehension throughout the

world that the Pools, in order to protect the banks, would be forced to sell their wheat in much larger volume than the markets could absorb. The Pools approached the banks and upon getting no assurance that they would not be forced to liquidate to keep the banks' margin of safety intact they had no alternative but to ask the three Provincial Governments for assistance. Realising what a catastrophe forced liquidation would be to the whole economic structure of the country, the Provincial governments immediately gave (subsequently ratified unanimously by all parties in all three legislatures) a guarantee of the Pools' account with the banks. At the time, and indeed for several months thereafter, no one expected that the proceeds from the sale of the 1929 crop would not more than meet the one dollar advanced to the members. Subsequent events, however, proved all prophets to be much too optimistic and when the crop was finally sold it realised approximately 23 million dollars less than had been already paid out to members.

With the exception of Manitoba (where the assets of the Pool were insufficient to meet the deficit and the Government, very wisely, in order to preserve an equity for the members in their co-operative elevator system, wrote off about \$1,400,000 of the loss) the deficit has not resulted in any loss to the taxpayers. The banks agreed to take Provincial government bonds in payment and the governments obtained security in the form of first-class mortgages on the Pools' elevator facilities. The Pools have agreed to pay off the mortgages over a period of years out of the earnings of their elevators. To date all three Pools have met their payments in full. In fact, during the current year, despite the very short crop of 1931, the fine loyalty of Pool members in patronizing their elevators (in all three Provinces the Pools have handled a very much higher proportion of grain than the ratio of Pool to private elevator capacity) has enabled the Pools to meet their interest and amortisation payments to

the governments in full and put aside substantial sums for reserve as well.

The members have learnt a very valuable co-operative lesson from this phase of the history of their movement. They are now unanimous that they should have accumulated large financial reserves in the prosperous years of 1924-29 and are firmly determined to correct their mistake in the future.

In the autumn of 1930, when the price of wheat was fluctuating around one dollar per bushel, the Pools, with the unanimous consent of the Banks, made an initial payment of 60 cents per bushel. The unexpected exports of wheat from Russia, coming on top of a rapidly gathering world-wide economic storm, completely demoralised the markets. The Pools reduced their initial payment to 55 cents, but it soon became clear that the open market machinery was rapidly collapsing as its foundations (*i.e.* speculators) were unable to assume the risk of carrying wheat. While the Provincial governments could plainly see the calamity in store for the country if an attempt were made to transfer the risk of ownership of Pool wheat to unwilling and frightened speculators they were not in a position to undertake the responsibility of again guaranteeing the banks against loss. As the banks insisted that their margin of safety must at all costs be maintained, an appeal for help was made to the Dominion Government. The final outcome of the appeal proved most embarrassing to the directors of the Pool. They were faced with a difficult dilemma. The alternatives were : (1) to see their members' wheat thrown at the open market machinery which had already exhibited its incapacity to handle one-half of the crop (*i.e.* non-Pool wheat); (2) to accept a general manager, approved by the Dominion Government and the banks, who was to have a completely free hand in deciding when, where, how and in what quantities and at what price, wheat would be sold. As it was abundantly clear that acceptance of the first alternative

meant, in the almost complete absence of buyers, a suicidal attempt to dispose of both the 1929 carry-over and the 1930 crop, with disastrous consequences to the whole country, the Pool directors, with many misgivings about the future, chose the second alternative. Only the future can tell if they made a wise choice.

Upon assuming office the new general manager's entire life had been spent in the private grain trade. It was not surprising, therefore, that he should have accepted the assiduously nursed view of the private trade that the Pool's methods of direct exporting and avoidance, wherever possible, of middlemen had antagonised European buyers. He could not see that the multiplicity of restrictions against wheat importations in Europe were the effect of low wheat prices rather than their cause. His first act was to announce the reversal of the Pool's export policy and to close down its overseas offices. The announcement was, of course, hailed as a great victory for the private grain trade, who pronounced that now that competition was to be the life of trade, the farmers marketing problems would soon be solved. The results, however, turned out to be a complete vindication of the Pool's export policy. The new policy was no sooner under way when cables, letters, and even personal representatives, arrived in Winnipeg all stating that the real buyers of wheat (*i.e.* the millers) found the new policy very unsatisfactory and were anxious to see the Pool's policy readopted. German millers complained of the enormous premiums they were forced to pay for certain types of Canadian wheat, the readily available supply of which had been cornered by Argentine private export houses. The bulk of the large millers in the United Kingdom (including the English and Scottish Wholesale Societies), France and Italy said, in effect: "The ever-increasing official control of grain markets, the ever-changing tariff and milling regulations, and the constantly increasing concentration of buying, has virtually put a stop to forward buying and completely changed the whole

structure of the grain trade ; we are not interested in the army of small dealers and speculators as they cannot meet our requirements, we prefer to deal with large organisations who have always on hand stocks, in the quantity, quality and position which we require, and only by direct exporting by the Pool, or an organisation of similar magnitude, can we get the service we require."

The Pool's initial payment on the 1931 crop was reduced to 50 cents in the winter of 1931-32 and the continuous fall of prices would have necessitated a further reduction had the Dominion Government not intervened and asked that no further reduction should be made. No settlement has yet been made between the Pool members who received different initial payments.

In the spring of 1931 the Dominion Government appointed a Royal Commission, headed by Sir Josiah Stamp, to investigate and report upon trading in grain futures. The Commission sat for only eight days in Canada and held a few closed meetings in the United States. The Pools in presenting their case admitted the protection given by futures trading to private grain handlers and banks, but pointed out that not only did it pay the farmer on the average to assume the risk of ownership of his produce until it moved into consumption, but in view of the then threatening complete breakdown of the open-market speculative machinery, the only alternative to co-operative marketing was national control. The report presented by the Commission was a highly technical defence of future trading, and much special pleading regarding its indispensability. Virtually the only reference it contained to the co-operative movement was an elaborate chart of prices, in the form of a tissue of falsehoods prepared and widely used as anti-Pool propaganda by certain private grain interests. The matter caused such a storm of indignation in the House of Commons that the chart was subsequently deleted. In the minds of farmers, the report was completely discredited

from the beginning and, as a result of the events of the past two years, to-day it is about as valuable a contribution to the marketing problem as a New York broker's 1929 analysis of the stock market.

In the summer of 1929 the House of Commons referred the wheat marketing problem to its agricultural committee. Representatives of the private grain trade testified that there was no cause for alarm as the open-market machinery was well able to market the crop satisfactorily. The representative of the Pools claimed that as nothing could prevent a sharp fall in prices in the autumn when the farmers, pressed on all sides by their creditors, rushed to sell their crop, the only alternative to a strong and adequately financed system of pooling, which would enable the farmers to sell their wheat as it was required instead of dumping it in quantities several times in excess of the demand, was a national wheat board for the duration of the emergency. The private grain trade representatives, thereupon, requested that, just in case the rush to market proved to be too much for the open-market machinery, provision should be made whereby the general manager of the Pool should from time to time put "muscle" or "crutches" under their machinery in the form of purchases of futures. The Government decided against the creation of a wheat board. The Pools realised they could not expect their members to pool much wheat as any initial payment the banks would be willing to finance would be quite inadequate to enable the farmers to carry on. Consequently all members were relieved from their contracted obligation to pool their grain and were given complete freedom to sell it as they wished. An optional Pool was conducted, but as the initial payment was only 35 cents per bushel (guaranteed by the Dominion Government) for the top grade of wheat at Fort William or Vancouver, as was expected a relatively small volume of grain was pooled. When the crop was rushed to market in



the autumn of 1931 the Pool's prediction of a drastic fall in prices was borne out and the Dominion Government was called upon to supply a hospital as well as the crutches the private trade had asked for.

The position to-day, from the point of view of Pool operations, is substantially the same as it was a year ago, except that a very much larger volume of grain is being pooled. From the point of view of the private grain trade, however, the situation is totally different. The country harvested a large crop, a very large part of which was delivered in two months. Over 70 per cent. of the grain was sold upon delivery. The grain companies could only buy it with money borrowed from the banks. The banks would not lend a dollar unless the grain companies protected them by selling from day to day futures contracts covering the full amount of their purchases of cash grain. But there was virtually no one in the grain trade to buy the futures contracts. As recently revealed in the House of Commons by the Prime Minister (in justification of the Government's refusal to renew the 5 cents per bushel bonus it paid to wheat growers in 1931) a very large part of these contracts were purchased for the account of the Dominion Government by the general manager of the Pool's one-time Central Selling Agency. No settlement has yet been made of the Pool's 1930 carry-over. The Dominion Government has guaranteed the banks against loss, but the Pools are not liable for any part of whatever loss there may be.

As the whole economic structure of Western Canada has been built on one- to two-dollar wheat and as the present price is between 40 and 50 cents, it requires little imagination to visualise the distressing conditions prevailing in every municipality of the country to-day. It is true that the Pools have retained their co-operative handling facilities, are consolidating their financial structure, have regained much of their lost prestige, have maintained the loyalty of the overwhelming majority of

their members, and have gained a great moral victory over their competitors ; but with bankruptcy facing nearly every farmer on the prairies, these achievements offer but little comfort and the farmers' leaders view the immediate future with grave misgivings. For two years the three Pools and the three Provincial governments (one Conservative, one Farmers, and one Progressive-Liberal) have unanimously and repeatedly appealed to the Dominion Government to form a national wheat Board for the duration of the crisis. To-day they are repeating their request and in addition are urgently demanding that an international wheat conference be called immediately to see if common sense and co-operation substituted for competition cannot bring some sort of order out of the world-wide wheat crisis. The Dominion Government so far has taken no action, but there is no doubt that, holding as it does an enormous quantity of wheat, it is gravely concerned about the future.

The general fall in purchasing power has to some extent affected the turnover of the other co-operative marketing organisations in Canada, especially those dealing in livestock and eggs, but their general position is unaffected, and in some directions, especially in dairying, there appears to have been progress. It may be noted, however, that owing to the failure of an appeal to the Privy Council, the British Columbia Act for reorganising the dairy industry in that province will not be put into execution. On the other hand, British Columbia has been the scene of an interesting and novel experiment in the co-operative canning of sweet corn. Consumers' societies also appear to be holding their own with the backing of the three Wholesale Societies of the Prairie Provinces, and a word must be said of the steady progress of the unique co-operative credit movement of Quebec with its 179 societies, 45,700 members and striking success in attracting depositors.

An event which may have interesting results in the future,

though it is at present in the political rather than the economic field, is the foundation, at the Conference at Calgary, of the Co-operative Commonwealth Federation, by the leading farmer and labour organisations in the four Western Provinces. It is intended that the new organisation should extend shortly to the whole Dominion. It has drawn up the heads of a program of which the first is "the establishment of a planned system of social economy for the production, distribution and exchange of all goods and services." The rest of the program may be described as co-operative socialism adapted to the interests both of farmers and workers.

## AUSTRALIA

BY

A CORRESPONDENT

AUSTRALIA is showing each year greater reliance on its co-operative outlets for export, the co-ordinating agent of these being the Australian Producers' Federation, and the co-operative connections established in England for its marketing, the Overseas Farmers Co-operative Federations, Limited, in London. The great bulk of the latter's business originates in Australia and its total turnover last year was about £8,000,000. There was thus little if any decrease in the value of its Australian trade; the actual volume of goods showed a considerable increase over the previous year. The principal exports sold through Overseas Farmers are dairy produce, grain and dried fruits, the shipments of the last named representing more than half the total dried fruits exports of Australia. The close relations maintained between the Co-operative Wholesale Society and Westralian Farmers have been referred to in previous volumes.

Reports for the past year indicate that all the co-operative companies of the different states are faring as well as, and in some cases definitely better than, private organisations, which are feeling severely the effects of the depression. Livestock and machinery departments are adversely affected by the low purchasing power of the community. All business houses supplying farmers' requirements have large totals outstanding which will take some time to collect and in this respect co-operative and private companies are sharing the burden. The co-operatives,

however, are finding it possible to extend assistance to the farmers and so build up the growing loyalty of their members.

The wheat pools are functioning satisfactorily and continue to receive the excellent support accorded them previously. These are voluntary pools, and a big question with them now—and in fact with all wheat producers—is the desirability of introducing bulk handling, a big scheme in which only large and influential bodies such as wheat pools or co-operative companies can give the necessary strength of support ; obviously it is only through some large organisation acting as one for wheat growers, perhaps not for the whole of Australia, but for at least each individual State, which could successfully run bulk handling in an economical way. One important step towards joint action has already been taken. The co-operative wheat companies and pools of Australia, with the exception of the Pool in Victoria, joined forces to purchase the old established grain brokering business of Berry Barclay & Co., and it is being run under that name (as a limited liability company) as their grain brokering department, working in conjunction with the Overseas Farmers with a seat on the Baltic Exchange. The acquirement of this business has been the means of effecting a close union between the pools and the co-operative companies in Australia, which will mean a continuity of business, in wheat particularly, handled by co-operative interests, and makes Overseas Farmers the leading institution in England for the sale of Australian wheat. It is safe to say that co-operation continues to make good progress in Australia, and there are indications of greater development, particularly on the selling side of Australian produce, in the years to come.

There is an ever-increasing production of eggs and there is likely to be a record shipment from Australia this coming season. This has attracted to Australia numerous buyers and agents who are scouring the country, going to the poultry farmers direct, and even to the farms where a few fowls are kept as a

side line. Some of them offer prices well above the market which, so far as can be seen, can only result in loss to the buyers, but there must be some method of getting square on the transaction, otherwise these people would not be spending all this money in coming from the other side of the world, and travelling all over Australia—which is a costly business—and it can only be supposed that the eggs will have to pay for it. Here the producers are unorganised, and although many attempts have been made in years past to get them on to something like a good footing, particularly in Victoria, they seem to be satisfied with their small individual organisations. A Marketing Board operating in New South Wales in regard to eggs, exercises a controlling influence over prices and distribution there.

The satisfactory marketing of dairy produce is still, for Australia, as for New Zealand, an unsolved problem. The great disparity between Colonial and Danish prices on Tooley Street, in spite of propaganda and preferential tariffs—at the end of the year it was approximately in the proportion of 85 to 120—has been causing grave concern. Danish marketing practice, the weekly estimate of supplies and their orderly disposal on the market, which has a good deal to do with the comparatively favourable position maintained, could be adapted to the sale of colonial produce on some other than a weekly period basis; there seems to be no indication, however, of a desire to change existing methods in this direction, but rather to revert to the unfortunate attempt made by New Zealand some years ago to challenge the market on prices. The report of a projected Australian conference to consider a proposal to fix a minimum price, is said to have had such a bad reception in the market that it may discourage those who are unwilling to learn by the experience of others that combination of producers alone for price-fixing is not sound co-operative practice.

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## WESTERN AUSTRALIA

BY THE

HON. T. H. BATH

Two quotations from my contribution to the *YEAR BOOK* for 1932 are apposite to this survey for 1933. The first :

"I feel that I can make the confident prediction that if I have the opportunity of writing these notes twelve months hence I will be able to describe a marked improvement in co-operative stability."

The second :

"For a time the farmers' attitude was a distracted animus against every agency with which they came in contact, accompanied by threats of wild and indiscriminate action."

The conflict of spirit and motive between the effort needed to fulfil the prediction, and the easier process of exploiting the discontent referred to in the second paragraph as a means of promoting discord and disunion, have both been in evidence throughout the past year. They may well be epitomised as the rival processes of Reconstruction and Recrimination.

A very encouraging percentage of the co-operative units have made valiant efforts to reach the firm foundation of financial stability and co-operative usefulness. The recovery made by many of them during a period of such profound depression is a remarkable proof of the innate soundness of co-operative principles. Many of the directors and managers now fully realise the morass of debt and difficulty into which they have been led through lax credit trading without security for payment, and have had the courage to apply the remedy.

The remedy has had most vitalising effects. The instance of one country co-operative may be cited as a fair sample of what others have done. It was in a bad way, but as a result

of enforcing the co-operative rule of fair dealing between members in paying for goods, and in spite of a reduced turnover, in one year of depressed farming conditions, it reduced its liabilities to creditors by £660, and its bank overdraft by £1,000. Allowing for reduced value of stocks carried, its net position so far as liabilities were concerned was improved to the extent of £1,066. Controllable expenditure was reduced by £928. In the instance of another co-operative, change of trading policy enabled its directors to pay out a bonus at a time when wheat was at its lowest ebb of price, this particular bonus having been authorised three years previously when the price of wheat was three times as high, but had to be withheld on account of lack of liquid resources for the purpose.

Some farmers are misled into hostility against the co-operative movement. In many instances the leaders who exploit discontent for their own purposes by creating dissension, are men who have not supported the co-operative units engaged in trading or in pool marketing. In still more instances the farmers who are thus used for mischievous purpose are the debtors whose accumulated obligations to co-operative units have crippled the movement's power for good. Opposition of this kind weakens the farmers' movement in attempting constructive improvement. Out of 52 country co-operatives, the position of three-fifths is financially sound.

#### THE CO-OPERATIVE FEDERATION OF WESTERN AUSTRALIA

Misfortune has mellowed the co-operative movement in Western Australia. The last annual co-operative conference was marked by a fine community of spirit and an earnest desire to help to build on sounder lines in the future. New opportunities for usefulness were given to the Executive Council of the Federation and to its working sub-committee. These entail new duties for the members of the latter, working in an honorary capacity,



and the work requires them to meet regularly each week. There was a time when the aid of the Federation was only asked for when a co-op. was *in extremis*, and about the only useful purpose that the Executive could serve was to pronounce the last offices for the dead. The last Conference approved of an arrangement by which monthly finance and trading statements are submitted to the Executive by member co-operatives, and these are examined by a competent officer and his comments made available to directors and managers. This facility is being gladly availed of by most of the member co-operatives, there being only a few delinquents. The Federation has also inaugurated a scheme for collective buying to assist trading co-operatives in aggregating their purchases of goods. It has been started on modest and sound lines and is assured of good support. The last Co-operative Conference in Western Australia also made history in that it endorsed a co-operative scheme of elevators for handling wheat in bulk. This proposal is under the auspices of the Trustees of the Western Australia Wheat Pool; has been adopted by the State Government; and at this time of writing has just been submitted by the Minister for Works to Parliament in a Bill which embodies the co-operative proposals.

#### COMMODITY MARKETING

The Western Australia Wheat Pool now has a complete co-operative organisation for the marketing of wheat within the State and overseas to the ultimate buyer, including the operations of ships clerking and outturn superintendence. The Royal Commission on Farmers' Disabilities strongly recommended that it should be entrusted with the sole work of physical handling of wheat within the State.

The dairying industry has suffered through the decline in prices of agricultural products, and the dairying co-operatives have not escaped the "breath of discontent". An effort is

being made to reorganise on a basis of a greater measure of local control, but the real need is better all-round dairying practice from the grass blade, through the cow, to the butter brand.

The Government is making its first effort to improve compulsory marketing in a legislative proposal to control the supply of whole milk to the metropolitan area of Perth. It has tentatively given its blessing to the suggestion that marketing boards, on the lines of Queensland practice, should be extended to other agricultural products. The imminent end of the present Parliament, and the uncertainty about the fate of parties and governments in new elections—an uncertainty particularly harassing in times of economic depression—precludes the idea going beyond the blessing in the immediate future.

## TASMANIA

BY

R. W. WINSPEAR

THE establishment and working of producers' organisations for dealing with potatoes, barley, fat lambs and hops have been described in previous reports and they continue to make satisfactory progress.

The Potato Marketing Board has been considering a scheme under which in times of glut and low prices, grading regulations would be tightened up to reduce the quantity of potatoes being placed on the market, and in times of short supply the grading would be loosened accordingly. Such a scheme can only be applied by the co-operation of producers in the other leading potato States. The matter is now being considered by the various Growers' Organisations. Considerable controversy has been taking place on the proposals and growers have been assured

that before any definite proposals are finalised they will be submitted to growers and a ballot taken.

The Barley Growers' Association, which has operated so successfully in the interest of growers, was faced with an extremely adverse season for production. The Barley Growers' Association, however, still has a high standing and is encouraging the sowing of increased areas for the coming season.

The State Meat Board, which is the producers' organisation controlling all the oversea export of fat lambs, doubled its export over the previous year from 9,000 to 19,000. The quality and the dressing of the lambs continue to be quite satisfactory. Prospects are bright for a further substantial increase during the coming season if market prices give any encouragement.

During the past year a voluntary organisation has been formed to handle field peas, the bulk of which are shipped to the United Kingdom. The Association has met with good support from growers, and has had a beneficial effect on the market by reducing the number of hands through which the peas have previously passed.

At the Annual Meeting of the State Council of the Agricultural Bureau, which is the official body representing organised producers in the State, consideration was given to the question of securing legislation to provide for compulsory marketing. As a result the Executive of the Bureau made a comprehensive survey of the production of, and markets for, each of the leading commodities produced in the State. The survey revealed that the selling of wool was on a sound basis and satisfactory to producers; wheat, oats and hay presented difficulties in the control or supervision by any organisation, and the fruit-growers were not unanimous about the best methods of controlling their industry. This, and other considerations, led the Executive to conclude that they could not advise the Government to introduce

legislation to create powers for the compulsory marketing of commodities.

Recently a committee of leading fruit-growers put forward proposals for the voluntary marketing of fruit overseas which provides for the consignment of apples through a small group of agents in Tasmania to a similar group in the United Kingdom. The objective being to maintain more regular arrivals of fruit on the various markets and the reducing of selling charges.

The commodities which lend themselves best to community effort in Tasmania are gradually being brought under some co-operative system for supervision of selling, and in view of the many difficulties to be overcome in each industry, the progress in this work can be regarded as quite satisfactory.

So far, thought and effort have been mainly confined to the selling side; co-operative buying on any comprehensive scale has not yet been seriously considered. The foundation, however, is being laid by the efforts of individual branches of the Bureau organisation, in pooling their orders and by some of the co-operative butter factories who are purchasing farmers' requirements in bulk and giving their suppliers the benefits.

## THE QUEENSLAND POOLS

THE Pools constituted in respect to fourteen commodities still continue to function, the Pools now operating being :

*Arrowroot*, constituted in 1922 without any opposition.

*Atherton maize*, constituted in 1923 without any opposition.

*Barley*, constituted in 1930 by an 81 per cent. majority.

*Broom millet*, constituted in 1926 without any opposition; renewed in 1929 without any opposition, and again without opposition in 1931.

*Butter*, constituted in 1925 by a 75 per cent. majority; renewed in 1928 without opposition; renewed in 1931 without opposition.

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*Canary seed*, constituted in 1926 by a 75 per cent. majority ; renewed in 1930 without any opposition.

*Cheese*, constituted in 1923 by a 91 per cent. majority ; renewed in 1925 without opposition ; renewed in 1927 without opposition ; renewed in 1930 without opposition.

*Cotton*, constituted in 1926 without any opposition ; renewed in 1931 without opposition.

*Eggs*, constituted in 1923 by a 87 per cent. majority ; renewed in 1925 by a 73 per cent. majority ; renewed in 1926 by a 66 $\frac{3}{4}$  per cent. majority ; renewed in 1929 by a 70 per cent. majority.

*Fruit*, Committee of Direction of Fruit Marketing, constituted under special legislation in 1923 for a period of three years. The Act provided for a ballot being taken at the end of the three-year period in the event of 500 growers demanding such a ballot, but until 1929 no such petition was received. The continuance of the Committee of Direction of Fruit Marketing for a further period of five years was affirmed by the growers in December, 1929, by an 87 per cent. majority.

*Honey*, constituted in 1929 without any opposition.

*Northern pigs*, constituted in 1923 without any opposition ; renewed in 1926 without opposition ; renewed in 1931 by a 56 per cent. majority.

*Peanuts*, constituted in 1924 without any opposition ; renewed in 1925 without any opposition ; renewed in 1926 by a 90 per cent. majority ; renewed in 1930 by an 85 per cent. majority.

*Wheat* (under the Wheat Pool Acts), established in 1921 by a 97 $\frac{1}{2}$  per cent. majority ; extended in 1924 by an 89 per cent. majority ; extended in 1928 without any opposition.

It will be seen from the above that practically all of the principal agricultural products produced in Queensland, with the exception of maize grown in Southern Queensland, are controlled by marketing boards. The functions of a Provincial Maize Board were confined to taking action to improve the

condition of maize-growers pending the application of complete control to the marketing of their product. Some attention has also been given to the desirability of setting up an organisation that would be of assistance to the tobacco-growers in the production, preparation and marketing of their crop.

## NEW ZEALAND

BY

T. C. BRASH

IN face of all the financial and economic difficulties of the present day, co-operation in New Zealand is holding its own. Here and there will be found co-operative companies which have weakened, but these are exceptional. Co-operative dairy companies, fruit associations, freezing works, etc., are all soundly established, and whilst aiming at giving the maximum of service, the directorates have set themselves to keep the organisation on a sound financial footing. Where trouble has come it has been where co-operative concerns have allowed themselves to be driven to a giving out of financial benefit to their members before the organisation is established.

Regulations recently issued by the New Zealand Board of Trade provide for the establishment of a Wheat Purchase Board to control all dealings in wheat throughout the country. A compulsory pool will be formed with the object of maintaining a price in the home market of from 4s. 3d. to 4s. 6d. per bushel, and an export price of 2s. 6d. per bushel. The coming harvest is expected to yield an exportable surplus.

There has been no other outstanding development during the past twelve months. In manufacturing dairying the Dominion is adequately provided for and each co-operative dairy company has been doing its utmost to reduce expenditure so as to give to the dairy farmer the greatest payment possible for butterfat. In spite of everything that can be done in this direction, the

selling price of butter and cheese is so low that the amount received by the producer will not cover the cost of production. The individual farmer suffers severely, but the co-operative organisation, the dairy company, remains strong and virile. There are, however, still some distinct weaknesses in the organisation of the dairy industry. In the first place, the competition between co-operative dairy companies for the supply of the farmers' cream very materially increases the cost of collection. On roads where one lorry would be ample there will be found two or three, and sometimes more, competing for the business. Whatever may be said about the value of competition, the actual result is that the industry pays more than is necessary for cream cartage. Further, who can watch the present method (or lack of method) of disposing of the butter and cheese by each company without realising the wastefulness of the present system? Each factory directorate is a law unto itself and a whole army of merchants' representatives tour the country pushing the merits of their individual firms, and emphasising the fact that *their* firm is best able to handle the consignments of the factory.

Up to a point there is co-operation, but beyond that individualism runs riot. Another illustration of this is to be found in connection with the selling of butter on the local market. Owing to competition, and that mainly between co-operative factories, the selling price of butter to retailers is lower than its f.o.b. value for the British market. Anything more nonsensical can scarcely be imagined. In a land of primary producers who are finding it impossible to balance budgets, it might have been expected that the selling price of butter for local consumption would have been at least equal to the cost of production; but owing to an entire lack of marketing co-operation amongst co-operative dairy companies it is actually being sold at a price lower than its f.o.b. equivalent for other markets. The subsidiary co-operative organisations of the dairy industry—cool stores,



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rennet companies, box companies, function steadily and successfully.

The growth in the export of dairy produce from this Dominion makes an interesting study and it is well to remember that at least 90 per cent. is manufactured in co-operative organisations. The total for the decade 1901-10 was  $4\frac{1}{2}$  million cwt., valued at £17,841,115; for 1911-20, 12 million cwt., £56,534,027; for 1921-30, 27 million cwt., £167,408,300.

Amongst meat and wool producers there is very little co-operative organisation, except for certain associations which supply farmers' requirements and act as stock and station agents.

Co-operative fruitgrowers' associations, with their Federation in the New Zealand Fruitgrowers' Federation Ltd., go steadily forward. The export of fruit is increasing steadily:

<i>Apples and Pears.</i> <i>Bushel Cases.</i>		<i>Apples and Pears.</i> <i>Bushel Cases.</i>	
1923 . . . . .	135,020	1928 . . . . .	1,019,137
1924 . . . . .	241,253	1929 . . . . .	989,709
1925 . . . . .	232,881	1930 . . . . .	1,331,854
1926 . . . . .	728,985	1931 . . . . .	1,349,893
1927 . . . . .	538,693	1932 . . . . .	1,596,058

As an indication of distribution, the 1932 figures were as follow:

	<i>Bushel Cases.</i>
Canada . . . . .	15,167
South America . . . . .	50,834
Continent Europe . . . . .	168,888
London . . . . .	935,525
Southampton . . . . .	180,748
Liverpool . . . . .	82,833
Glasgow . . . . .	75,768
Manchester . . . . .	50,564
Avonmouth . . . . .	26,731
	<u>1,596,058</u>

The export of honey is well established, but the quantity is not large. The Co-operative Honey Producers' Association has been reorganised and as a result seems to have become soundly established. Working under the jurisdiction of the Honey Control Board, they are handling the export, and both organisations are well supported by the honey producers.

## UNION OF SOUTH AFRICA

At the time of the promulgation of the Co-operative Societies Act of 1922, which consolidated the various co-operative enactments previously in existence, there were 54 co-operative societies with a membership of 12,878 in operation in the Union. The latest Report of the Registrar gives the number of co-operative societies and companies as 437 with a total membership of 85,315. The Cape and Transvaal Provinces account for a membership of 63,149, the Natal and O.F.S. provinces for respectively 13,793 and 8,373 members.

There has been no great increase in the number of co-operative societies and companies during the last four years, but there has been a steady increase in membership. The number of new associations registered exceeds the number liquidated during the year by one only. Most of the associations that went into liquidation had small turnovers, and nine were livestock societies which were formed for a fixed period to enable them to repay certain credit facilities granted by the Land Bank. The increase of membership during the year—from 70,102 to 85,315—is mainly accounted for by the maize organisations ; wool, wheat and eggs also showing increases. It is interesting to note that 258 of the 437 societies are organised on unlimited liability, with a total membership of 30,583.

The new registrations during the year include seven wheat and four meat producers' associations (butcheries). Co-operative wheat associations exist to-day in all of the most important wheat-producing centres in the Union, and the Central Co-operative Wheat Company has at present more affiliated members

than the central maize company. There is also a marked development in and demand for the establishment of more co-operative butcheries. The mohair farmers have also been organised by the establishment of the Suid-Afrikaanse Bokhaarboere Koopertiewe Maatskappy, Beperk, during the year.

The Department of Co-operation keeps close supervision over existing organisations ; it is the duty of the Registrar to analyse the prospects of a new organisation to be established and refuse registration if any prospects of success are absent or remote. The Department undertakes all legal work involved in the preparation and explanation of the regulations of any association, and assists generally to smooth the way to registration. At a later stage advice is supplied in regard to the accountancy system to be adopted and in regard to the general administration of the business. Supervision is exercised through inspections by trained auditors and a close analysis of the annual returns of each organisation. While some associations regard their inspections as a necessary interference by the Government, the great majority apply for and welcome them. A special investigation to determine the average cost of manufacture of creameries and cheese factories in the Union was also undertaken on behalf of the Dairy Control Board. While co-operative concerns have not been unaffected by the general economic depression, the results in the aggregate were not unsatisfactory.

#### TRANSKEIAN TERRITORIES.

An interesting co-operative credit movement, under Catholic initiative, has taken healthy root in the United Transkeian Territories. In 1929 there were 18 societies with £4,000 deposits. Early in 1932 there were 35 societies with deposits amounting to £10,000 and reserve funds of £1,500 and a total membership of 3,200. Loans outstanding were approximately for the same amount as deposits. Some of the societies also buy agricultural

requirements co-operatively, and one has started a co-operative butchery. Frequent educational meetings are arranged by the societies; instruction in book-keeping is given. One society in the district of Mount Ayliff has its own bank building erected at a cost of £280 from the reserve fund of the society, with a full-time paid secretary, formerly the local teacher. A uniform system of bookkeeping is being introduced through a Conference of Delegates. The movement owes its successful initiation and present wise direction to the devotion of Father Bernard Huss of the Mariazell Mission.

## INDIA

THE statistical statement for the co-operative movement in India during the year 1930-31 has only just become available. It shows a general increase in the number of agricultural societies (93,512), membership (3,162,359) and working capital (Rs.35,93,83,100). This last figure is made up of shares, loans and deposits from members, non-members, societies, provincial or central banks and the Government, together with the reserves. All these items have risen, with the exception of Government loans, which have fallen, the whole of this drop being attributable to British India. On the other hand, there is a small decrease in members' contributions in the Indian states which is not apparent in the total. Side by side with this general increase in the resources of the movement goes a marked diminution in the loans granted as well as in the repayments received. Loans to individuals fell by roughly 33 per cent. and to banks and societies by nearly 40 per cent. It may be assumed that to some extent this decrease represents a tightening of control and greater prudence in giving credit, and is consequently a favourable sign. There seems to have been little increase in the number of non-credit societies except those in the marketing and miscellaneous classes, and a heavy fall in turnover, with the exception of sales to members in Indian states, which have doubled.

Rates of interest on borrowings vary from 6 per cent. (Bhopal) and  $6\frac{1}{4}$  per cent. (Bombay) to  $12\frac{1}{2}$  per cent. (Bihar and Orissa); and rates on loans from  $9\frac{3}{8}$  per cent. (Madras, Bombay and Baroda) to  $15\frac{5}{8}$  per cent. (Bengal). All the Provinces worked at

a profit except Burma, where the Central Bank was in liquidation and the circumstances were exceptional.

What may be described as the co-operative density of the different Provinces provides some interesting points of comparison. The number of societies per 100,000 inhabitants throughout India is 34.4. The proportion in the Indian states is higher (41.5) and in British India slightly lower (33.4). Bhopal heads the list with 169.9, followed by some of the other smaller units such as Coorg, Gwalior and Ajmer-Merwara. Of the major Provinces, Punjab leads with 87.7, followed by Bengal with 47.1 and Madras with 31.9. The lowest place (except the North-West Frontier) is taken by United Provinces, with the largest gross population. Turning to membership, figures appear in some degrees parallel. The number of members of primary societies per 1,000 inhabitants is 14 for All-India, 16.2 for the Indian states and 13.7 for British India. Of the Provinces, Coorg leads with 70.2, followed by Hyderabad Administered Area, Ajmer-Merwara and Bhopal, in that order. Punjab again leads the major Provinces with 28.8 followed by Bombay with 26.1 and Madras with 21. The United Provinces is once more at the bottom of the list with 3.1.

A rather different picture is given by a calculation of working capital in annas per head of the population. The All-India figure is here 48, with 50 for British India and only 34 for the Indian states. Of the Provinces, Ajmer-Merwara leads with 126, followed by Punjab with 122, Bombay 102, and Madras 62. The highest figure for an Indian State is Indore 67, followed by Bhopal 56. The United Provinces and the North-West Frontier are 7 and 9 respectively. No other Province falls below two figures.

Throughout India an attempt has been made to consolidate societies and to check prodigal lending and rash formation of new societies. In Madras, special funds have been allocated to

the "rectification" of societies, often carried on by means of a detailed examination of existing loans. In Bombay, guaranteeing unions are being converted into supervisory unions, and steps are being taken to bring all societies within their fields of action; the Provincial Institute is also being reorganised. In Bihar and Orissa an official inquiry is also pointing the way to reorganisation. Such policies would probably have shown more striking results if their initiative had not coincided with a period of economic depression. The prices of agricultural produce have fallen, those of agricultural and domestic requirements have remained practically stationary. The repayment of loans has been checked, partly because the cultivator is actually unable to collect the money, partly because the borrower who had intended to seek a fresh loan immediately on repayment, fears that he will not obtain one, or will obtain one only for a reduced amount. In some districts local disasters affecting harvests have been added to adverse conditions common to the world in general. Deposits have been withdrawn and in some districts a minor difficulty is said to have been competition with the new issue of 6½ per cent. Treasury Bonds.

The drop in repayments is a serious matter, and the ominous phrase "the deterioration of the co-operative movement" was heard from a prominent speaker at a recent provincial congress. Elsewhere it was reported that the number of societies in the first class of efficiency and prosperity had fallen while those in the lowest class had increased. On the other hand, it is reported elsewhere that societies are "standing the strain well" and that Central Banks remain firm though profitless. Perhaps the best summing up of the position comes from the United Provinces, where difficulties are probably as formidable as in any part of India. Of consolidation, the Registrar's Report says: "Progress may not be commensurate with the efforts put forward owing to the adverse economic conditions, but it is none the less genuine



and . . . will appear more clearly when normal times are restored."

### CEYLON

THE rapid increase in the number of co-operative societies in the preceding year—at the rate of three per week—was a matter of some apprehension for those who do not want to see the Ceylon movement go the way it has gone in some of the Indian Provinces. That year showed an increase of 150 societies, and it is reassuring to find that the report for the past year does not repeat this rather adventurous progress of a 33 per cent. increase, but has registered a more reasonable one of about 10 per cent.—from 600 to 665, with proportional growth of membership and finance, now 24,415 members and a total paid-up capital of 563,407 rupees. Even so, it is more important in these difficult days that existing societies should be consolidated than that new ones should be promoted. Nothing is easier, in bad times, than to organise groups to borrow money and call them societies. The Ceylon movement years ago abandoned that course; it has not been built up in this manner and it would be a thousand pities to see it deteriorate into a mere system for distributing relief credit. The successful working of three Central Banks, their ability to obtain through deposits all the money required to finance their districts, and their negligible percentage of overdue loans, is eloquent of the soundness of the system. The one unsound part, the Batticaloa societies, has been surgically removed. The increase in the number of Supervising Unions, from 15 to 22, and the way in which they are beginning to tackle the problems of their present responsibilities and their ultimate task of taking over the supervision of the movement is a sure sign that the patient teaching of co-operation, upon which all lasting success depends, is having results.

## MALAYA

LATEST available reports from Malaya show that the movement is making progress there in adverse circumstances. These have chiefly affected the development of the co-operative marketing of their rubber by Malay growers. Depressed prices naturally added to the difficulties of running this new type of society, but the fact that three of the four registered up to 1932 continue to show a financial benefit to their members in an abnormal period of depression, indicates that the experience previously gained through the running of an earlier society has enabled the promoters to put them on the right lines. The number of credit societies shows a modest increase, from 200 to 206 in the F.M.S. and S.S. combined, which is more than accounted for by the additional dozen Indian Estate Labourers' Societies. Indicative of the careful management of the rural credit societies as a whole, is an excess of repayments over borrowings, \$20,634 being repaid by members as against \$15,554 borrowed. There is, however, a rather ominous total of \$103,923 outstanding. More use is being made of the 27 Urban Thrift and Loan Societies, which have now a paid-up share capital of \$2,652,674 and membership of 13,217. The 64 rural societies have only \$83,520 share capital, but comparatively larger reserves, with a membership of 1,858. The movement is wisely being kept in check in such uncertain conditions, while special attention is being given to training and propaganda in preparation for future development.

## WEST AFRICA

REMARKABLY good progress of the Gold Coast scheme for the organisation of its many thousands of growers in co-operative societies is shown in the latest Report of the Officer-in-Charge. Of 275 societies in being at the end of April, 1932, 270 were

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Cacao Producers' Societies, two Copra, one Rice and two Credit Societies. With the enactment of the Co-operative Societies Ordinance early in 1931, a campaign of intensive propaganda was undertaken by members of the Department of Agriculture aided temporarily by officers of the Political Administration seconded for such work. By April 30, 1930, 83 new societies had been founded on a probationary basis and by the commencement of the cacao season this number had been more than doubled.

As one would expect, all these probationary societies did not develop, but no less than 206 societies with 4,065 members functioned, a very satisfactory start for such a comprehensive scheme. The quantity of cacao handled was 2,248.3 tons or an average per society of 10.9 tons. The paid-up share capital was £3,220, and the year's sale of cacao by the societies amounted to £40,295. It is notable that £2,000 of share capital was subscribed by the peasant members during such a bad year. The societies have already created reserves of £200, although it is pointed out that the need of a reserve fund is not so great in the case of marketing societies working on an annual pool system and depreciating their property and equipment on the scale actually required by the auditors.

Only in one district was there a hold-up of produce such as ruined for some years the chance of orderly co-operative marketing in another West African Colony ; elsewhere orderly marketing of the cacao was entirely successful ; nor should it be accounted an unusual incident or in any way peculiar to the African that a first impulse of co-operative marketing organisation is sometimes to withhold produce for the market in the hope of securing a better price ; the raisin growers of California furnished the classical example of that error and the Canadian Wheat Pool was not immune to it. The fact that it appeared in only such a limited area is, on the contrary, testimony to the good co-operative

teaching and supervision of those responsible for promoting the movement.

Two other characteristics of this co-operative development arise from the same advantageous condition under which the movement is promoted, namely, that the Gold Coast growers do not suffer from the burden of debt which is common to so many other peasant communities. (The Report estimates the annual value of their export crop as £2,700,000 even at prevailing low prices.) The first is, that the farmers are themselves financing their societies without outside assistance. The second is, that what credit is required is being furnished by the marketing societies, the two special credit societies mentioned not being peasant societies but the urban type of thrift and loan societies. The cacao societies made 363 loans in the year, amounting to £865; only 2.5 per cent. of maturities became overdue, and these were due to accidental causes, mainly floods.

Combination of societies for marketing in bulk is already taking place; the following interesting example is given in the Report:

“The Manyo Krobo societies formed a Cacao Committee, consisting of a representative of each society, which undertook the responsibility of selling all the cacao belonging to this group of societies. In all, this committee handled three sales, totalling 240 tons, and tribute must be paid to the sincerity of the members of these societies who resisted an attempt by one of the large mercantile firms to disorganise the movement by offering a price in excess of the tender accepted, and very much in excess of their own previous tender, before the produce had been removed from the societies' stores. It is very pleasing to record the failure of this deliberate attempt to damage the reputation of these young societies and it must be stated that the firm concerned lost prestige in this area by this act. The most pleasing feature of the Manyo Krobo Cacao Committee is that the whole scheme was devised and worked out by the societies themselves, the officers of this Department only being called in for advice when it was ready to function.”

Sierra Leone, with the natural complication of a greater diversity of produce, is also several years behind the Gold Coast in its decision to adopt the co-operative method of improving the economic and technical condition of its peasantry. A start has now been made, however, on the initiative of the Director of Agriculture, after investigations made by himself into the working of co-operative organisation in various countries, with the drafting of co-operative credit legislation for the Colony and the formation of a Colony Development Committee of influential farming citizens to instruct the community in the kind of co-operation required and promote its organisation. Much will depend, here as elsewhere in similar circumstances, upon adequate supervision in the early stages of organisation, whether for credit or marketing. What happens without proper supervision, either official or non-official, was seen in Gambia, where a single export crop, and native readiness to combine, would facilitate co-operative organisation. An abortive attempt among the natives to combine for marketing their ground nuts led to a disastrous hold-up. As mentioned elsewhere, this is a familiar error in the early stages of co-operative enterprise, even among people of Western civilisation.

### ZANZIBAR

As in other parts of the Colonial Empire, the experience of Government with measures devised to improve and assist in the marketing of agricultural produce has in the Zanzibar Protectorate revealed a series of economic problems the solutions of which lie outside the scope of government responsibilities. After much careful investigation it was decided to promote such co-operative organisation as might in time be expected to assume those responsibilities, in particular to establish a credit system and the orderly marketing of cloves, the main crop of the colony.

A Registrar of Co-operative Societies has been appointed and will shortly take up his duties after an extensive personal investigation of co-operative experience in Europe and India. Some experimental credit societies will be started, but it is recognised that it must be some time before any healthy growth of these can begin to meet the needs of the growers as a whole. Meanwhile, it is purposed, with as much expedition as possible, to reconstitute the Clove Growers' Association as a self-supporting marketing co-operative which can, as at present, provide some of the credit requirements of the growers.

Financial assistance to plantation growers is rendered through the Clove Growers' Association in two ways: (1) harvesting loans to enable plantation owners to conduct harvesting operations, and (2) cash advances upon the security of cloves deposited with the Association for free storage. Loans to enable plantation owners to commence harvesting operations have been given for many years. In recent years the loans were granted on written agreements under which the borrower agreed to repay the money at a given date and undertook to dispose of his clove crop through the sales organisation of the Association. The Transfer of Agricultural Produce Decree, 1931, introduced the chattel mortgage as security, and harvesting loans are granted in accordance with the provisions of this decree. One hundred and thirty-two plantation owners availed themselves of the assistance offered, and a sum of Rs.17,297 was disbursed. At the end of the year Rs.16,782 had been refunded, leaving a balance of Rs.515 outstanding. Cash advances against cloves deposited for free storage fell under two categories: (1) advances to persons who deposited cloves with the Association during the previous season and had received advances in excess of the present market value of their cloves, and (2) advances to persons not in debt to the Association.

## BRITISH GUIANA AND WEST INDIES

BRITISH GUIANA for some years has been fortunate in a Colonial Government which, under the abiding inspiration of the late Sir Gordon Guggisberg, is alive to the economic needs of its peasant population. There has been a slowing down of his plan for peasant settlement, as there has been of such enterprise elsewhere, mainly due to financial pressure. But the present Governor, Sir Edward Denham, has shown similar intentions by official patronage of a new voluntary movement designed to enlarge the market for the peasant's produce and secure for him the fullest possible cash returns by co-operative marketing methods. The founders of the British Guiana Producers' Association were largely influenced by the success of the similar organisation in Jamaica; they have started with the same policy, a multiplicity of trading objects, which the Jamaica Association soon found it desirable to abandon in favour of the organisation of separate commodity associations, promoted and morally supported by a parent non-trading association. However, it may well be that co-operative export of whatever is marketable, on the commission basis adopted, will serve an immediately beneficial if limited purpose, until the export of rice and other produce on a wholesale scale can be systematically undertaken. A number of experimental shipments of fruit and vegetables have been made to Canada, Trinidad and Barbados, and these are reported to have shown good results and to have opened out new possibilities of demand. The manufacture of plantain and cassava flour and biscuits has also been undertaken experimentally, with some success. The movement was unusual in origin; it was initiated, and is being directed by some public-spirited merchants of experience in export as well as import, who have been able to persuade many of the other merchants, not more public spirited than merchants everywhere faced with

co-operative enterprise, to support the movement on the ground that unless the peasants can sell their produce better they cannot buy dry goods and hardware. The association has been registered under the Industrial and Provident Societies Ordinance (1931) for the introduction of which it was responsible.

Jamaica still gives a long lead to the other Colonies in co-operative marketing, largely owing to the efficient organisation and the wise and energetic direction of the Jamaica Producers Organising Association, parent and guide of a growing family of commodity societies. The first of these, the Banana Association, continues to increase in scope and prosperity in spite of adverse economic and natural winds, and the Direct Fruit Line, owned by this co-operative, maintains its regular freight and passenger service and has become the most important shipping connection between England and the Colony. Grape fruit, oranges, coconuts, pimento, coffee, ginger, small fruits and vegetables are all being gradually taken into the co-operative export system.

Trinidad, which started co-operation a generation ahead of Jamaica with the Cocoa Planters' Association, is now after several years of uncertainty beginning to support other co-operative schemes, the export of citrus fruit being the first. The appointment of a marketing officer for the Leeward and Windward Islands was an important step toward co-ordinating the export of produce from those islands, for many years advocated by various investigators and their own administrators. Headquarters has been established in Dominica.



## PALESTINE

THE appointment of a Registrar and the drafting of new co-operative legislation mark a turn of official policy rather than any fresh development of the movement itself in Palestine. The main objective of the policy is to give equal opportunity to Arab and Jew in the agricultural progress of the country and, since the Jewish element \* is the more advanced co-operatively, the emphasis will be on the promotion of co-operative organisation among the Arabs. The greater aptitude of the Jewish mind for economic organisation, backed by a democratically moulded racial spirit and organised financial support, naturally and without political intent threatens the agricultural existence of this section of a great race whose social traditions are an obstruction on the road to economic independence which co-operation offers. It was one of the regrets of Sir Horace Plunkett's last years that he was unable to accept an invitation of Arab acquaintances to visit Palestine and advise them on the initiation of a voluntary co-operative marketing and credit movement for which he had also promises of Jewish collaboration acceptable to those who invited him. Co-operative marketing has already been started on a small scale by Arab orange growers, and every official encouragement will doubtless be given to similar voluntary efforts which, as such, will ultimately converge with the existing Jewish marketing system or in a Palestine Fruit Growers' Exchange referred to later. But the immediate and more difficult task

\* The Jewish population in 1914 and in 1922 was about 10 per cent. of the total and is to-day about 18 per cent. This percentage, however, no longer represents the relative economic position of the Jews.

adopted by the Government is to promote a co-operative credit system for the Arab peasantry with the purpose of raising their social and economic level to that which the Jewish settlers have attained by their own genius and diligence. It is to be hoped that advantage will be taken of Jewish experience and the goodwill expressed by Jewish central co-operative organisations. Fortunately the official policy has been determined, and the work of the Registrar is commencing, with the expert advice of Mr. C. F. Strickland, who represents the best of British co-operative administration in India.

We are indebted to Mr. Harry Viteles of the Central Bank of Co-operative Institutions in Palestine, for the following notes on the Jewish movement.

#### CREDIT SOCIETIES

Of the 200-odd active registered societies in Palestine, about 50 are credit unions; 70 agricultural co-operatives, including co-operative agricultural settlements and irrigation societies; 35 building societies; and the rest are workers' productive societies, consumers' (distributive) societies, and so forth. The 200 active registered co-operatives, all Jewish, have about 40,000 members. About one out of every five of the Jewish population of Palestine is a member of a co-operative. There are thousands of women members, and in a number of societies they hold key posts in the administration. The majority of the societies—particularly the credit unions and agricultural co-operatives—have been in existence less than seven years; they have a paid-up capital and reserves of about \$1,500,000, representing savings of the members, and \$3,000,000 of deposits with the credit unions. Most of the deposits are in amounts of \$100 and less—a significant factor for credit unions. A run on a co-operative is thus far unknown.

The credit unions' financial independence is reflected in their

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small indebtedness of only \$250,000 to the banks. As in other countries, the members are jointly and mutually liable for the debts of the co-operatives, which in the case of the active societies in Palestine amounts to nearly \$7,000,000.

Only one credit union and four other societies have failed. The creditors received less than 100 per cent. in the case of only two co-operatives, neither of them credit unions or agricultural societies.

It is of interest to note, furthermore, that although the credit unions' loans are character loans, secured by the borrowers' signatures with one or two guarantors, the societies have had to call upon the guarantors thus far in only a very limited number of cases. Furthermore, the societies have had to write off as bad debts less than 5 per cent. of the total amount issued.

### INCREASE OF MARKETING

The development of the country, particularly in the production of marketable agricultural products by the Jewish farmers, is reflected in the increase of co-operative purchases and sales — \$5,000,000 in 1931 as compared with \$2,000,000 in 1928. The quantities would show a much greater increase. Over 70 per cent. of the total citrus crop grown by Jewish farmers (compared with only about 40 per cent. in 1928), and nearly 90 per cent. of the Jewish farmers' surplus milk and dairy products, vegetables, bananas and other fruits, eggs and poultry, honey, etc., are marketed co-operatively. Practically every Jewish vintner delivers his grapes to the co-operative, "Vigneronne," which markets about 80 per cent. of all the wines, liquors, etc., manufactured in Palestine.

Every Jewish village has its co-operative for the purchase and sale of agricultural products and most of them have agricultural loan and savings societies (with limited liability) from which the farmers can obtain seasonal and other credits. Because

of the small number of farmers in some of the settlements, it has been necessary to experiment with a type of co-operative which combines the functions of a credit union, marketing and purchasing society, and in some cases even distribution. Many villages operate agricultural machinery, incubators, bull pens, and so forth, on a co-operative basis.

A more recent development in agricultural co-operation are the irrigation societies and local producers' co-operatives for harvesting, packing and marketing. These local orange producers' co-operative and others to be organised, it is hoped, will join with the three older orange co-operatives to form the proposed Palestine Fruit Growers' Exchange, modelled after the California Fruit Growers' Exchange.

#### GROUP SETTLEMENT

Palestine is fertile soil for the seed of co-operative agricultural settlements. The 24 Kevutsoth in Palestine, with a total population of about 2,500, include, for the most part, individuals from the same country, district or town, who have little economic, political or social interests. The Kevutsoth, unlike the collective farms in Russia, do not pay wages. The earnings are pooled and every member of the Kevutsoth gets what he needs—food, clothing, medical attention, cash assistance for relatives abroad, or help to bring them to Palestine. The sick are given special diets or sent away for convalescence; the infirm are given the lighter tasks; the aged are allowed to continue to live their religious and traditional life. There is no property—whether it be a plough, a horse or a cow—which a member of the Kevutsoth can claim as being his own. The children are generally housed, both day and night, in central buildings. While there is a certain amount of specialisation in the work, every member must do the work assigned to him. In a few Kevutsoth, family houses are being built; the children are with the parents at night; in

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some cases, children over a certain age remain with the parents all the time.

The 40-odd Kibbutzim, Irgunim and Hevroth, with about 2,500 adult members, differ from the Kevutzoth in that they are not independent groups like the Kevutzoth, which choose their members and therefore generally become "closed" units which are not considered part of any of the other groups.

A Kibbutz may either have its own farm or work for others ; as the case may be. It may or may not be waiting for permanent agricultural settlement. A Kibbutz generally depends upon work for others. The Kibbutzim are more like the Agricultural Workers' Productive Societies in Italy, except that the latter do not pool their resources or earnings, and do not have a joint household except when working away from home.

The 12 Moshavim or Workers' Smallholders' Settlements, with a population of about 2,400 adults, differ from the Kevutzoth mainly because private property is recognised ; every farmer having his own movable and immovable property, every member disposes of his earnings, and family life is maintained in separate houses. In the smallholders' settlements, however, the importance of the co-operative feature is that the co-operative sale and purchase of products, communal activities, mutual aid in the case of the sick and the widows, and so forth, are compulsory in the sense that the smallholder who does not comply with these social principles is made uncomfortable. In some smallholders' settlements there is the pooling and joint development of certain types of land. For instance, grain farming is found to be more profitable if done by a small group of experienced farmers ; the same is true of plantations and other work.

### PLANTING AND MARKETING

Mr. N. Barou, who recently visited Palestine, has emphasised the importance of other sections of the movement in various

articles on the subject. For instance, the various types of co-operative settlements market their produce through the "Tenuvah". The operations of Tenuvah amounted for the last year (October 1, 1931-32) to £180,000, milk and dairy comprising about 60 per cent. of the sales and the rest consisting of eggs, poultry, fruit, vegetables, honey and preserves. The produce of Tenuvah sets a very good standard for the market because of its high quality.

Rural co-operative contracting is represented by the Agricultural Contracting Co-operative Association Limited—Jakhin, engaged in the plantation and cultivation of oranges, bananas and other fruits for clients, many of whom as yet reside abroad. For the last year Jakhin has done work of over £35,000 employing 400 workers on 2,215 dunams, £27,000 have been paid in wages only. Jakhin has made good progress in developing the technique of work and in diminishing costs.

Rural co-operative insurance is represented by two cattle insurance societies, which have insured 5,240 head of cattle in 94 villages for an insurance value of £140,000.

## GERMANY

CONTRIBUTED BY THE NATIONAL UNION OF GERMAN AGRICULTURAL  
CO-OPERATIVE SOCIETIES (RAFFEISEN)

ACCORDING to the information of the National Union of German Agricultural Co-operative Societies (Raffeisen), the central union of German agricultural co-operation set up in 1930, there were in Germany on January 1, 1932, 52,031 registered co-operative societies, of which 40,502, or 77·8 per cent. were agricultural societies. The most important groups of these agricultural societies were as follows :

Savings and Loan Banks . . . . .	19,910
Supply and Sale Societies . . . . .	4,311
Dairies . . . . .	4,956
Cattle Marketing Societies . . . . .	517
Egg Marketing Societies . . . . .	512
Fruit and Vegetable Marketing Societies . . . . .	312
Wine Growers' Societies . . . . .	380
Electricity Societies . . . . .	5,863
Threshing Societies . . . . .	883
Machine Using Societies . . . . .	169
Cattle Breeding Societies . . . . .	809
Pasture Societies . . . . .	288
Miscellaneous . . . . .	1,592

Of the total number of agricultural co-operative societies, 56 per cent. are with unlimited liability, 43·7 per cent. with limited liability, the remainder (·3 per cent.) are societies with unlimited supplementary liability (see the Imperial Law of May 1, 1889 and subsequent amendments). Of the credit societies, 88·4 per cent. are with unlimited liability. The membership of the National Union at the end of 1931 included, out of

the total number of co-operative societies affiliated to 28 regional and provincial unions, 36,038 societies, of which 112 were central co-operatives, 19,350 savings and loan banks, 3,599 supply and sale societies, 3,952 dairies and 9,025 miscellaneous. The National Union thus includes 89 per cent. of the total number of agricultural societies. Among the 112 central societies, there are 14 central trading institutions concerned with the supply of manure, insurance, machinery or cattle and egg marketing. Among the many sided labours of the National Union, special mention should be made of its collaboration with numerous institutions, both public and private, throughout Germany, and of its constant sympathetic contact with the various central authorities in Berlin. In the international field as well, the National Union is particularly active and special note may be made of its work in the co-operative section of the International Commission of Agriculture in Paris and in the International Committee for Inter-Co-operative Relations. Next to its credit activities, professional work for the marketing of grain, milk, eggs, fruit, vegetables and wine is perhaps the most important of the domestic work of the National Union. The activities of its legal department, its auditing section and its publicity and statistical department, as well as its office for technical advice and the work of the German Agricultural Co-operative School, must not be forgotten. Of peculiar importance within the framework of the National Union is the many-sided activity of the regional and provincial Unions, which in 1931 for example, audited 23,093 co-operative societies, that is, two-thirds of the total number of societies affiliated to these unions. An average of 433 auditors are employed by these unions. Further, these unions, in addition to their practical advisory work, carry on 229 courses in accountancy and general co-operative instruction, with a total of students which in 1931 reached 12,878. The circulation of co-operative newspapers, within the organisation



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of the National Union, amounted to more than 575,000 at the end of 1931.

In spite of the grave financial crisis which broke over German economic life in 1931, the 27 central banks of the National Union succeeded in keeping firm and unshaken the structure of co-operative credit. The total working capital of the central banks increased in 1931 from 719·3 million to 752·6 million R.M. Of this, 99 million R.M. represented "own" capital, 82·1 million being share capital and 16·9 million R.M. reserves and accumulated profits (that is, 13·1 per cent. of the total working capital). The deposits of member societies in the central banks amounted at the end of 1931 to 171·3 million R.M., sums outstanding in the hands of member societies amounted to 636·2 million R.M. Under the influence of a year of crisis, the total turnover had fallen by 3 milliard R.M. to 16·8 milliard R.M. The purely co-operative money turnover between the central banks and the local societies amounted to 7·6 milliard R.M. of which 3·7 milliard represented receipts by the central banks and 3·8 milliard payments.

The trading statistics of the 28 agricultural central co-operatives may be analysed as follows: The total turnover in goods in 1931 reached a value of 775 million R.M. as against 841 million R.M. in 1930. The cause of this decline in 1931 can be traced primarily to the lowered spending power of the agricultural population. The turnover is distributed amongst individual articles as follows:

	Quantity in 1,000 qr.	Value in Million R.M.
Manures . . . . .	28,624	218·5
Feeding Stuffs . . . . .	8,948	139·0
Seeds . . . . .	1,062	24·3
Fuel . . . . .	18,306	34·1
Machinery and Tools . . . . .	—	12·7
Grain . . . . .	14,515	103·0
Potatoes . . . . .	2,189	9·2
Miscellaneous . . . . .	3,110	34·8

The total working capital of the central societies amounted to 197.5 million R.M. as against 213.8 million R.M. in 1930. Of this, 37.2 was in "own" capital (24.6 million R.M. shares, 12.6 million R.M. reserves and accumulated profits). The scarcity of capital led to reduction in warehoused goods and stocks which have been reduced on the balance sheets by one-third, that is from 27.9 to 18.4 million R.M. Plant and premises have also been written down.

In addition to the central banks and agricultural wholesale societies already mentioned, there are affiliated to the National Union at the present time 11 central dairy societies, 14 centrals for cattle marketing, 18 for egg marketing, 5 for the distribution of electricity and 6 for wine growing. Cattle marketing through these 14 centrals amounted in 1931 to a total of 2.3 million head, of which 1.7 million were pigs, to a value of 254 million R.M. The turnover in eggs of 17 central organisations amounted in 1931 to 50.7 million eggs. Milk delivered by the 3,952 dairy societies, amounted to 4.8 milliard litre, and the 320 wine-growers' societies produced 227,407 hectolitres of wine. The current supplied by 4,913 electricity societies, amounted in round figures to 200 million Kw. of which just half was derived from one large co-operative electricity plant in the province of Saxony. The co-operative output of machinery through the Machine Purchasing Central of agricultural co-operative societies with its 550 local depots, amounted to about 40 million R.M., and the total turnover in the co-operative life insurance by the National Union reached a total of 165 million R.M. Premiums for other forms of insurance amounted to over 3.5 million R.M. in 1931.

Of the general tasks lying before the German agricultural co-operative movement and in particular the National Union, it can be said that to-day, and in the near future, by far the most important will be the organisation of the marketing of

agricultural produce, for the co-operative societies have already for decades past provided the agriculturist with his working capital and acted as the provider of cheap and reliable requirements for his industry, such as manures, feeding stuffs, seeds, machinery and coal. The National Union has met this new demand by setting up the five offices already referred to for the development of co-operative marketing. According to the latest reports the Prussian Central Co-operative Bank, which was brought into existence by the law of July 31, 1895, is to be transformed by an Order of the President of the Republic, dated October 21, 1932, into the German Central Co-operative Bank. The sphere of action of the German Central Co-operative Bank will not be substantially altered by this decision, since the Prussian Bank has for many years past acted in its banking capacity as central organisation for co-operative finance throughout the country as well as in Prussia itself. The German Central Co-operative Bank is now placed under the supervision of the National Minister of Finance. Its organs are the board of directors, the committee and the assembly. The committee consists of the directors, three representatives of the National and Prussian Governments, and ten representatives of the Assembly, of whom six are delegates of the agricultural co-operative societies. Co-operative auditing, to which the National Union has devoted special attention since its formation in 1930, has been expanded by the order of the President of the Republic already mentioned. The object of the National Government was on the one hand to reorganise the Prussian Bank and on the other to provide the legal basis for a simultaneous extension of co-operative auditing, by which in collaboration with the co-operative central unions the standing of the auditing unions in their relation with the societies audited could be strengthened.

The grave economic conditions forming part of the world economic crisis which German agriculture has not been the last

to suffer have placed on the German agricultural co-operative movement heavy and responsible duties. The outlines of a considered policy for agricultural co-operation in Germany are now being drawn up in consultation with the authorities and other agricultural organisations, and with the object of doing everything possible to overcome the agrarian crisis.

## FRANCE

CONTRIBUTED BY THE NATIONAL BANK OF AGRICULTURAL CREDIT

FRANCE being predominantly a country of small and middle peasant ownership, the development of agricultural co-operation was more indispensable for it than for most other lands. It was only by grouping themselves in co-operative and mutual benefit institutions that these small agriculturists have been enabled to make good their inferior position as compared with business of a large scale and to profit by its advantages.

Such institutions have widely developed, particularly in recent years. They may be divided into four principal groups : (1) Credit Co-operatives, or Agricultural Mutual Credit Banks ; (2) Co-operatives for Production and Processing ; (3) Co-operatives for Insurance against Agricultural Risks ; (4) Co-operatives for Collective Purchase and Sale.

### AGRICULTURAL CREDIT BANKS

Agricultural Credit Banks make loans at a moderate rate of interest to their members for the acquisition and the exploitation of their land. The organisation of agricultural credit is in three divisions : at the base, the local banks ; above them, the regional banks ; and at the apex, the National Bank of Agricultural Credit. These institutions carry on three categories of credit operations : (1) short-term loans, in the form of bills endorsed by local banks and discounted by regional banks ; medium-term loans, especially for the acquisition of plant and livestock ; and individual long-term loans. These last are at a reduced rate, and are especially

intended to assist agricultural workers to become peasant proprietors. Long-term loans are also made to agricultural co-operative societies at reduced rates, but these transactions are carried out directly by the National Bank of Agricultural Credit.

At the present time there are 6,125 local credit banks in France, comprising more than 500,000 members, affiliated to 100 regional banks. The National Bank established under the Law of August 5, 1920, is a public institution with administrative and financial autonomy. Its fundamental object is to administer the allocation of rural credit, to co-ordinate the work of the regional banks, to control these institutions, as well as other associations to which it grants loans, and generally to keep watch over the application of the law relating to mutual credit and agricultural co-operation.

On June 30, 1932, the total loans of every kind made by the rural credit banks in receipt of State advances, amounted to more than 9,300 million francs. Repayments being more than 6,100 millions, outstanding loans on this date were about 3,200 million francs.

#### PRODUCTION AND PROCESSING

According to an inquiry made by the National Bank, co-operative agricultural societies for production, processing and sale numbered 5,509 on December 31, 1931, of which 2,166 had received State advances, classified as in the table on page 78.

Cheese-making societies, known as "fruitières", are the most numerous co-operatives for processing and collective sale; they are chiefly in the mountainous eastern districts. Creameries and dairies, which sell milk or processed, are, on the other hand, numerous in the West of France and regions about Paris. These societies are grouped in unions or federations with the chief object of marketing produce.

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	<i>Number of Societies.</i>	<i>Societies having State Aid.</i>
Dairies, Creameries, Cheese and Casein Factories	2,038	544
Wine and Distillery Societies . . . . .	826	590
Cider Distilleries . . . . .	25	5
Beet-sugar Factories . . . . .	31	17
Miscellaneous Distilleries . . . . .	30	13
Starch Factories . . . . .	39	5
Oil Co-operatives . . . . .	62	54
Consumers' Co-operatives, for Sale of Cereals, Mills, Bakeries . . . . .	673	37
Threshing and Implement Co-operatives . . .	1,637	864
Miscellaneous sale of produce . . . . .	53	14
Livestock Co-operatives . . . . .	50	3
Miscellaneous Agricultural Co-operatives . .	45	20
 Total * . . . . .	 <u>5,509</u>	 <u>2,166</u>

Co-operative wine societies and distilleries have spread greatly in vine districts, more particularly in the southern valley of the Rhône. Their storage capacity is nearly 6 million hectolitres, that is, about one-tenth of the entire wine production of France. These societies have also formed their unions or federations for marketing.

Oil co-operatives have developed in the South of France; their production is of the highest quality and is in great demand. The object of co-operative mills is the direct sale of the meal or flour obtained by the milling of their members' cereals. Some of them undertake also the manufacture and sale of bread. Societies for the purchase and collective use of agricultural implements, and more particularly the threshing co-operatives, have greatly increased in regions where small holdings abound,

\* A certain number, about 240, which had loans from the National Bank, have been dissolved or are no longer active. They are not included in this table.

where the farmers are unable to buy such expensive machinery for themselves.

There are also many other types of agricultural co-operative societies in existence, with the most diverse objects: electricity co-operatives, co-operative silos, perfume distilleries, sugar-beet factories, co-operatives for harvesting, for egg-shelling, for starch-making, for stock-breeding, for flax-growing, for silk-worm keepers, resin-growers, for seed selection, etc.

### AGRICULTURAL INSURANCE

Co-operative agricultural insurance has increased greatly in France during recent years. There are now upwards of 30,000 societies for insurance against the chief agricultural risks: fire, accidents, hail and mortality of livestock. Those which have spread most in the country are for fire insurance, of which there are about 11,000, covering risks of more than 36 milliard francs. Insurance against accidents is of more recent creation, but it is the next on the list as regards numbers—9,000; after which comes livestock insurance, with 8,000.

There are three categories of insurance societies, as is the case with co-operative credit, namely, local, regional, and national, with a central office for the regional offices; these are all administered under the law of July 4, 1900.

### PURCHASE AND SALE

Co-operation for purchase and sale is represented by syndicates and by co-operatives, properly so-called, which are of more recent creation. Most of the 12,000 agricultural syndicates in France carry on collective purchase, and a certain number of them also act as intermediaries for the sale of their members' produce, grain, livestock, vegetables, fruit, flowers, etc. There are also groups in the form of syndicates, for the collective use of agricultural machinery. Others aim at the improvement of live-



stock ; these Livestock Syndicates number about 2,400, comprising also Co-operative societies with a similar object.

Co-operative societies for collective purchase are of more recent growth and have been erected by syndicates grouped in unions. There are several hundreds of these. A certain number of co-operative societies aim solely at the sale of products without processing them, but after preserving, packing or grading ; but the majority of sale societies undertake processing also.

The assistance afforded to farmers by all these institutions for credit, insurance and other co-operative services, is of particular value to them in existing circumstances, faced with all the difficulties resulting from the crisis and the heavy fall in agricultural prices.

## SWITZERLAND

BY

DR. A. BOREL

THE *Year Book of Agricultural Co-operation* for 1930 showed the predominant importance of the dairy industry in Swiss agricultural production, and described the system of organisation existing in Switzerland for the marketing of dairy produce. The *Year Book* for 1931 completed this description in certain directions. Milk producers are almost all organised in local co-operative societies grouped in regional federations, which are themselves united in a central Swiss Dairy Union. The price of milk for all purposes is based on the price of milk made into cheese; genuine Emmentäl cheese is sold abroad on account of its superior quality at a price which is 3 to 5 centimes per kilo of milk above the world price. The producers' organisation makes it possible to obtain precisely this or even a slightly higher price for milk sold for liquid consumption, and further to secure by means of manufacturing subsidies a certain equalisation of the price of butter. Further the price of milk for cheese is stabilised by an arrangement between the Dairy Union and the Swiss Cheese Union. The members of the Cheese Union are the Dairy Union, the cheese merchants, and the cheese makers. The Dairy Union guarantees to the cheese makers, when they purchase milk, a fixed price for the cheese which they are about to make; this makes it possible to fix at once a basic price for cheese milk and indirectly for all other types of milk. If at the time of sale, world prices are lower and cheese has to be exported at

a loss, this is borne by the Dairy Union ; if they are higher it receives the greater part of the profit. In order to meet expenses in case of loss it commands certain reserves, principally fed by the *centime de crise*, or emergency levy, which it has the right to collect on milk sold for liquid consumption. On its own merits the manufacture of butter would never be profitable ; in order to keep it up to a certain point and so to prevent an excessive manufacture of cheese which would knock the bottom out of the market it receives certain subsidies from the Dairy Union.

Such, in brief, has been the working of the Dairy Organisation in Switzerland in recent years. In principle this working has remained unchanged. Nevertheless the exceptional circumstances through which the dairy industry of the whole world has passed, have put this organisation to a severe test and have made necessary a continual and important support from public authorities. Further it has not been possible to maintain milk prices at the former level ; by a series of reductions they have been reduced from 24-18 centimes per kilo since November, 1929.

It was in 1930 that butter prices, which had already fallen perceptibly, began a catastrophic drop on the world market. Any important fall necessitated considerable sacrifices on the part of the Dairy Union if the manufacture of butter in the country was to be maintained. Thus in September, 1930, the import duty on butter, already increased in 1929 from 20 francs to 70, was further raised to 120 francs. At the same period the Federal Chamber raised the subsidy, which they had granted in the spring to assist the Dairy Union to cover the losses it had suffered in guaranteeing the price of cheese, from 3.5 to 5 million francs. This measure was at the time subordinated to a reduction of the basic price of milk by 2 centimes per kilo following on an earlier reduction of 2 centimes in November, 1929.

Nevertheless, the position on the world market continued to grow worse during 1931, and by the end of the year the situation had become really alarming. Butter prices on the world market had then fallen lower than those ruling before the War. On the other hand, the export of Swiss cheese was made in the face of increasing difficulties from customs restrictions, quotas, restrictive measures concerning marks, or simply on account of the considerable fall in the purchasing power of consumers in many countries, which constituted a particularly serious obstacle to the export of our cheese of superior quality. Towards the end of 1931, a phenomenon was encountered which had never been observed in the past, the importation in large quantities into Switzerland of cheap foreign cheeses. The Federal Council had to intervene once more with a fresh increase of 60 fcs. on the butter duty by an increase in the duties on milk and cream, and by increasing from 20-80 fcs. the duties on the principal types of cheese.

A little earlier, in September, 1931, the Federal Council had drawn up an Ordinance on the inspection of cheese-making premises and cow-sheds in order to improve the quality of milk. Later, in November, an Ordinance of 1926 on foodstuffs was completed by the insertion of certain dispositions aiming at improving the hygienic character of cowsheds and the treatment and delivery of milk. These dispositions are of particular importance as regards the production of cheese for export, which must be of absolutely first quality.

The last increase in the butter duty was never looked upon as otherwise than temporary, to continue until it would be possible to set on foot a special organisation to regulate the butter market. This organisation, called the Central for Butter Supply ("Butyra"), was constituted by an order of the Federal Council in February, 1932. It began work on April 1, 1932, and the butter duty was reduced to 130 fcs. on the same day.

"Butyra" was constituted by the principal producers, merchants, and interested consumers. Its work is to purchase home produced butter at prices fixed by the Department of Public Economy, but also to regulate imports and to put into circulation imported butter at a sufficient price to save the Dairy Union from making an excessive sacrifice in order to maintain home butter production. Unfortunately the situation of the world market has worsened continually, and the export of Swiss cheese has met with ever-increasing difficulty. Thus the export of cheese with a hard crust, such as Emmentäl or Gruyère, and of boxed cheese (melted cheese), which in 1930 reached a total of 280,000 quintals fell in 1931 to 229,000 and in 1932 to 187,000. The weakening of export has been especially pronounced in the direction of Germany (from 52,000 q. in 1930 to 12,000 in 1932). Thus in February, 1932, the Federal Chamber were forced to adopt a fresh order. This granted to the Federal Council a credit of 2½ million fcs. on the supplementary import duties on butter, collected up to that time; and in addition granted to it the product of these supplementary duties to be collected during the period from April, 1932, to March 31, 1934. The Federal Council was pledged to use these sums to maintain the price of milk at the figure of 19 centimes per kilo, itself a further reduction of the price of milk by 1 centime. The subsidy was to be distributed by the Dairy Union, which was obliged to provide from its own resources at least a quarter of the sums required.

At the time when these measures were taken it was not certain whether or not it would be possible to preserve the Cheese Union. This had been reorganised in 1928 and the arrangements then concluded terminated on July 31, 1932. Now the disorganisation which had occurred on the world market, causing losses and making possible the intrigues of a few unorganised firms, made the working of this organisation much

more difficult. To contend satisfactorily against the few unorganised exporters who benefited from certain advantages of organisation, such as advertisement in foreign countries, without contributing to the costs, it would have been necessary to have power to institute an export duty on all unorganised exports. The Federal Council refused to do this, alleging that such a measure was not permissible under the constitution. At the same time the disappearance of the Cheese Union would have entailed the suppression of the guaranteed price of cheese, and the industry would have been confronted with unknown possibilities; the ancient war would undoubtedly have broken out again between the milk federations and the cheese merchants, and no one could have said where in the present circumstances it would have ended. Finally, after long and troublesome negotiations, it was found possible to maintain the Cheese Union with certain modifications. It will pursue its activities at least during the course of another year.

Unfortunately the situation on the world market showed no improvement, and even continued to grow worse. Consequently the order of February 26, 1932, was soon seen to be insufficient. When this order was adopted it was hoped that the new fall in the price of milk would have the effect of reducing production, but on the contrary, this has slightly risen, partly on account of a good grass season, partly on account of a greatly increased import of feeding-stuffs. But the export of cheese continues to meet with increasing difficulties. The order of February, 1932, was intended to relieve cheese production to some extent by increasing the production of butter; instead of the 80-100,000 quintals of butter imported in previous years, only about 60,000 q. were to be imported, and at the same time the additional duty of 100 fcs. levied on this 60,000 q. would have provided receipts of about 6 millions to be used in aid of the dairy industry. But experience upset all these

anticipations. As a result of the heavy production of milk and the difficulty of exporting cheese, the production of butter in the country increased to an altogether unforeseen extent ; so much so that, since July, importations of butter have fallen practically to zero. In other words the anticipated receipts are almost entirely lacking.

As a consequence, the situation had by the autumn become once more extremely critical. It was indeed possible to show that butter imports had begun again to some extent during the winter. All the same, there existed a large past and future deficit to be made good.

One of the methods consisted of checking to some extent the import of commercial feeding-stuffs, in order to handicap the over-production of milk. This was the measure on which Swiss agriculture was finally resolved. It asked spontaneously that duties on such articles which could be selected should be increased. These included especially maize, meal, and several articles such as dried potato (order of the Federal Council, September and October, 1932). On the same occasion the duties on meat and fish meal were considerably increased in order to facilitate the sale of skim milk and skim milk powder produced in large quantities, thanks to the development in butter manufacture. The agricultural interests, however, made one important reservation. They insisted that the duties thus levied should be in aid of the dairy industry. In fact, throughout the measure, this second object was more important in their eyes than the first ; for while the increase in duties might contribute up to a certain point to check over-production, it is obvious that they would in another direction reimburse the producer.

The increased duty on feeding-stuffs would not, however, have been sufficient alone to put matters on a sound footing. The Dairy Union appealed for fresh financial support from the Confederation. This support has just been given by the Chambers

at their December session in the form of a fresh credit for 6,000,000 fcs. opened by the Federal Council to support the milk price between May 1, 1932, and April 1933. The new order further hands over to the Dairy Union, in order partly to cover its expenses between May 1, 1932, and April 30, 1933, three-quarters of the supplementary duties levied on feeding-stuffs on the basis of the two orders of the Federal Council referred to above. The remaining quarter will be applied for special purposes, notably to a repayment of the excess duties paid by agriculturists in districts where bad hay harvests have been experienced. It may be added that before the adoption of this last order agriculturists found it necessary to reduce the price of milk by another 1 centime, the present price being 18 centimes.

Organised producers have complained for a long time past of the activities of the unorganised, who derive the same advantage from organisation as the others without taking any part in its obligations. We referred to this in connection with cheese. It is the same with liquid milk. The Dairy Union obtains a considerable part of its resources from the emergency levy paid on liquid milk, but not paid by unorganised sellers. On the other hand it would undoubtedly be impossible to maintain the liquid milk price at a reasonable level without the local, regional and central organisation which prevents towns from being flooded with milk, used instead at considerable sacrifice for the manufacture of butter and cheese. Consequently there was inserted in the Federal Order of December, a clause in virtue of which any person or institution trading in liquid milk and not affiliated to an organisation would nevertheless be obliged to pay a tax of 1 centime per kilo, as is already done by members of the Dairy Union; the Federal Council has the power to increase this tax to 2 centimes per kilo, or to abolish it. According to the letter of the Order this tax is due from all persons and institutions trading in liquid milk; but the order expressly exempts



from payment those federations which already make a levy of this description, as well as their members and clients.

These, very briefly, are the principal measures of defence taken during the last few years for the maintenance of the Swiss dairy organisation and of milk prices. It is true that a drop of 25 per cent. in the price affects our peasants seriously. Nevertheless it is undoubtedly much less serious than that which the agriculturists of most countries have suffered and would have suffered in our country without energetic action. This result, relatively satisfactory given the circumstances, must be attributed to a large extent to the measures taken and the sacrifices agreed to by the authorities. At the same time it is due in at least equal measure to the good organisation and discipline of the Swiss producers, to the existence of the Dairy Union, which includes practically all the milk producers of the country, as well as to the understanding between producers and cheese merchants reached during the War and maintained on a different basis during several years past, instituting the guaranteed price of cheese and the centralised export of this product.

## SCANDINAVIA

THE experience of the three Scandinavian countries in meeting the problems of the last few years is of peculiar interest in view of their long record of co-operative enterprise and the extent to which their agricultural prosperity is interwoven with the economics and politics of other countries.

Denmark in particular is highly sensitive to the conditions of world trade, and the main characteristics of co-operative trade have been a steady increase in tonnage handled, accompanied by a fairly rapid drop in money values. This fall in cash turnover has been going on since 1929, which is generally regarded as the freak year for prices though by no means for output. It was calculated that in 1931 the cash turnover of societies for agricultural production and marketing had dropped by 15 per cent. The production both of dairies and slaughter-houses rises ; and new slaughter-houses were established. Exports of butter to England increased from 68 to 72 per cent. of the total, and the increase was maintained into the first six months of 1932. It is estimated, however, that in 1932 the total tonnage export of butter will have fallen back to approximately the 1929 level. Inquiries on the London butter market show that, in spite of the tariff, Danish butter, thanks to co-operative and non-speculative methods of sale and assured reputation, is maintaining a price above colonial imports. Danish home consumption of butter is about 12 per cent. of the total.

England has received two-thirds of its bacon from Denmark, and the co-operative slaughter-houses at their annual conference in 1932 announced their intention of preserving the trade as far

as practicable. The total tonnage export is not expected to show figures below those of previous years. An interesting example of co-operative inter-trading is the order by the Danish Union of Co-operative Slaughter-houses of 250,000 bacon wrappers from the Scottish Co-operative Wholesale Society—a welcome reciprocation of trade passing in the other direction.

Heavy as the drop in meat prices has been, that in live-stock prices, usually not under co-operative control, has been still heavier. The eggs sold in co-operative slaughter-houses have increased in quantity. The estimated exports for 1932 are the highest yet recorded, though the trade has fluctuated more than butter or bacon, and the freak year has hitherto been 1927. Here the fall in prices has been less severe. In 1931 the export to England represented 85 per cent. of the total, and an increase of 12 per cent. on the previous year. The proportion of Danish eggs in the English market rose from 25 to 30 per cent.

The sale of requirements shows the same phenomenon of rising tonnage and falling money turnover, though the actual drop (12 per cent.) has been somewhat less severe than in the case of marketing societies. That the problem has been successfully solved is shown by the experience of the central manure supplying agency, which reports a profit on its operations and the formation of 14 new societies. The supply of dairy machinery, cement and cold storage facilities shows an increase both in cash turnover and in services rendered. Insurance institutions in 1931 showed increased turnover as did the co-operative and People's Bank, which was also able to double its reserve fund. It is held that this alone demonstrates that the effect of the crisis is to strengthen rather than weaken co-operative loyalty.

In spite of such general evidence of stability the situation is nevertheless an anxious one, owing to the decline of foreign markets which are not only shrinking through the lowering of effective demand, but are being made daily more inaccessible by

tariff barriers. In these circumstances the Central Committee of the Federation of Danish Co-operative Societies called early in 1932 an emergency congress to discuss plans for overcoming the crisis, and for ensuring united action by all the co-operative organisations in the country. It was attended by 450 delegates representing all branches of the movement, and a resolution on policy was unanimously adopted. The opinion is expressed in the first place that the strengthening of the agricultural movement will largely depend on the establishment of closer relations between it and the other co-operative organisations. A working program provides for extensive propaganda in favour of the consumers' movement. It lays particular stress on the continuation of the present price policy of the Danish Wholesale, which is based on the principle of low dividends. Individual consumers' societies especially are requested to assist the wholesale in its price policy by keeping retail prices as close as possible to the level of wholesale prices. The program further insists on the importance of the establishment of close relations between consumers' societies and the existing organisations for the purchase and production of important commodities such as the Co-operative Coal Association, and the Co-operative Cement Factory.

As regards agriculture, a further expansion of productive societies is advised with a view to increased influence on the home market. This, it is pointed out, can be achieved partly by direct relations between producers' and consumers' organisations; partly by an attempt on the part of producers' organisations to get into direct touch with the individual consumer, more especially in those commodities which are at present only handled by private traders. To this end propaganda is to be instituted not only among the interested parties, but also among consumers both in town and country.

In the financial sphere the program puts forward a scheme

for the establishment within the Co-operative and People's Bank of a special export guarantee fund of 10 million Kroner, which corresponds to about 1 per cent. of Danish agricultural exports. It is proposed that contributors to the fund should include the Co-operative Dairies and Slaughter-houses, the C.W.S., the societies for the purchase of agricultural requirements, and others—including Co-operative Egg Export and the Coal Import associations.

At the end of 1930 the number of persons in Norway engaged in agriculture as a primary occupation was roughly 125,000, of whom nearly half were members of requirement societies, 40 per cent. of the consumers' co-operative movement, 35 per cent. of co-operative dairies, 24 per cent. of co-operative slaughter-houses, and 10 per cent. of co-operative egg-marketing societies. The turnover of the movement, excluding consumers' societies, was about £8,000,000. The year saw already the beginnings of the slump which has since intensified. It has now shown its effects in the declining money turnover of some groups ; but it has also called forth a remarkable effort to reconstruct agriculture on which one-third of the population directly depends, on a basis of self-help, rather than through the policy of State aid and subsidy which had formerly been pursued ; and this in turn has resulted in a remarkable increase in the number of co-operatively organised farmers, so that by the present year the great majority of Norwegian agriculturists have been within the scope of the movement, at least as far as concerns the disposal of milk and meat.

Requirements societies are firmly based on a membership which takes up no shares but offers instead joint and several liability, on a members' contract to purchase all fertilisers and concentrates on credit limited to 30 days ; together with an arrangement by which debts are automatically deducted from members' accounts by the local savings bank, on reserves linked not to capital but to turnover, and on a system of affiliation to

provincial wholesale societies which are also on a basis of unlimited liability. The result has been that the system has stood firm through the years of difficulty, and that, though cash turnover has fallen, tonnage turnover has increased to at least three-quarters of the Norwegian consumption of fertilisers and feed. The (domestic) consumers' movement, which has always had a large rural membership, has actually shown an increase in cash turnover since 1929.

Recent progress in co-operative marketing dates from the passing of a law to encourage the marketing of agricultural produce, in June, 1930, and the consequent setting up of a national council on which the existing marketing organisations were represented, together with commercial interests and the consumers' movement. The subjects studied up to the present have been milk, meat (principally pig meat) and eggs.

Local co-operative dairies have existed in Norway for many years, and are like those in England of mixed character, dealing with liquid milk, butter or cheese according to locality. They are all based on shares in proportion to cows, and a yearly contract to supply butter-fat prices and monthly payment, together with annual distribution of surplus. It is estimated that one-third of the milk of the country has been consumed on farms, one-third sold direct by produce retailers, and one-third through co-operative organisations. In 1928, a National Export Association for butter and cheese was formed, to which affiliated societies were bound by contract to deliver all produce not sold direct to consumers or retailers. The steps by which a scheme for the equalisation of prices, as between liquid milk and cheese and butter, was introduced in 1930, have been described in the *Year Book* of 1932. The system appears to have made steady progress. The number of Provincial Centrals has increased to eight, and they provide for some 80,000 producers (80 per cent. of the total). The trouble which was caused at the outset by a minority of

producer-retailers who remained outside the organisation and took advantage of the stabilised price, has been ended by the act of 1931, making the payment of equalisation levy compulsory on all producers. The administration costs of the provincial central unions have worked out at the very low figure of .06 öre per litre (.032d. per gallon); and the promptitude with which price reports are forwarded by societies to the central organisation has made possible the efficient working of the equalisation scheme. In addition the National Federation of Norwegian Milk Producers has been formed, and is at present supported by a contribution of .25 öre per kilo of milk levied like a tax. The milk centrals are represented on it in proportion to membership, each delegate having one vote. The federation is concerned with the general promotion of dairy sales, and also fixes the quantity of milk which shall be made into cheese in each district for the quarter following, and the quantity of skim which shall be returned to producers. The remaining milk is made into butter and is exported when it cannot be sold on the home market. The Export Association works under the instructions of the National Federation. A further aid to the Norwegian dairy industry has been an order compelling margarine manufacturers to include a proportion of butter in their product.

In 1930 there were 10 co-operative slaughter-houses in Norway with a membership of 30,000, and a turnover of about £1,130,000 mainly in pig meat. In that year these organisations formed a National Federation of Norwegian Slaughter-house Societies; and in 1931 the Norwegian Pig Meat Central was formed on the same lines as the National Milk Federation. It is open to both slaughterhouse societies and private producers, and includes some 90,000 members—or 90 per cent. of the pig-breeders of the country. Individuals pay an entrance fee of 50 öre, which may be deducted from payments due, for every year-old pig of their raising, and slaughter-houses 1.50 Krone per pig slaughtered and passing the

official control. Members are bound by a five-year contract which began January 1, 1932, to deliver all porkers and pork meat to be sold on the Oslo market or exported. Local markets are left free. If it is found necessary in the future to export other types of meat, members may be required to deliver a stated proportion of animals for that purpose. Membership may be cancelled after five years at six months' notice. Prices are fixed weekly on a free-at-Oslo basis and paid as soon as possible after delivery. The Central Union is controlled by a general meeting on a delegate basis.

There are 440 local egg-collecting circles in Norway, with a membership of 13,000. They are grouped in eight central associations, and these again in the Norwegian Egg Central which is concerned with export and sales on the Oslo market and also with the balance of supply and demand between the different districts, no district central being allowed to deal in eggs in the area of another. Local circles work on a contract basis; eggs are bought by weight and the control of quality is strict. Between 25 per cent. and 30 per cent. of the eggs coming on the market are co-operatively handled, but this is not regarded as sufficient, and eggs are the next subject to come before the National Marketing Council, which has authorised a scheme similar to those for milk and meat.

There are also in Norway co-operative societies for the sale of fruit, vegetables, honey, wool and berries—the last-named organised in a national union. There are further large co-operative sales of timber.

In Sweden a reorganisation of the agricultural co-operative movement has also been in progress. Membership has risen, marketing developments similar to those described in the other Scandinavian countries are shaping themselves; and the State, which has been devoting special attention to the problem, is encouraging, by legislation and financial aid, the formation of



contract and pooling systems. A development of special interest has been the part played by the consumers' movement.

The Swedish consumers' movement has always included a considerable rural element—19 per cent. in 1930, and since increased by a rural membership campaign—and its policy for agriculture has been supply of requirements, both agricultural and domestic, through its own societies together with purchase of agricultural produce from separate organisations set up by the farmers themselves. The Swedish Union and Wholesale Society (K.F.) classifies its work with and for farmers under three heads: (1) attempts to break the monopoly in agricultural supplies; (2) assistance to producers' organisations in difficulties; and (3) general co-operative propaganda.

In connection with the first, K.F. purchased a factory affiliated to the fertiliser cartel, and on the expiration of its contract to that body leased it to the National Union of Swedish Farmers for the sale of fertilisers at a reduced price. Later the two bodies established a joint Lime Society, and one for the preservation of green fodder by a newly perfected Finnish process. On the marketing side, K.F. took over in 1925 a farmers' bacon factory which was in difficulties and in debt to K.F., and has since restored it to prosperity with a measure of farmers' control through the conversion of dividends into members' shares. The agreement existing between the Stockholm consumers' society and the Central Milk Organisation is already well known; and a similar agreement this time for the purchase of its whole output has been concluded with the Farmers' Egg Marketing Society. The consumers' movement also purchases direct from its own farmer-members, and K.F. has recently been engaged in the experimental promotion of the sales of Swedish butter to the U.S.A.

## CZECHOSLOVAKIA

BY

DR. FRANK VAVRA

THE chief factor influencing and governing the development of Czechoslovakian agricultural co-operation for some years past has been, as in other countries, the World Crisis as a whole and the crisis in agriculture in particular.

No wonder therefore that the question of selling and distributing cereal crop surpluses is one of the most important and stands first among the interests of Czechoslovakian co-operative leaders. Record surpluses\* in agricultural production for some years past have made the market very dull and difficult and have threatened the price of cereals. It was therefore necessary, in order to secure the price of rye (a surplus of 500,000 tons,) as well as to regulate that of wheat (an import necessity of about 350,000 tons) to establish the Grain Syndicate, with Dr. L. Feierabend, General Manager of the Agricultural Co-operative Wholesale Society, Kooperativa, as chairman. For the purpose of facilitating the tasks of the Syndicate an Intervention Fund has been founded to the value of 30 million Czech crowns, by means of which intervention by co-operative unions has been undertaken in favour of the rye and wheat prices.

* Rye	.	.	.	.	.	.	surplus about 500,000 tons.
Barley	.	.	.	.	.	.	„ „ 520,000 „
Oats	.	.	.	.	.	.	„ „ 340,000 „
Totalling							<u>1,360,000</u> „

In connection with the question of stabilisation and regulation of prices our co-operation has revised its view on the importation of agricultural produce, and the following rule has been accepted : the marketing of foreign agricultural products should come under the control of farmers.

This development has further been completed by creating the Cattle Syndicate, to stabilise the prices and regulate the trade in live stocks and dairy produce.

A complete concentration of interests offering cereals on our Corn Exchanges will be perfected with the object of forming a uniform price policy so as to fulfil the heavy tasks of regulation and stabilisation of prices.

There have been further questions of organisation to be solved :

- (a) organisation of a precise statistical service, acreage yields, stocks of cereals, etc. ;
- (b) regulation of credits and formation of a special fund for bad debts ;
- (c) the problem of geographical planning, a determination of co-operative districts in order to eliminate unnecessary and dangerous mutual competition ;
- (d) the question of restriction of commercial expenses.

It is especially interesting to note that the critical circumstances under which private trade is suffering do not handicap the development of co-operative activities. The turnover of 95 co-operative storehouses and 25 co-operative mills, which have been organised within the Kooperativa, amounts to 860 million Cz. crowns, that of the Kooperativa itself to over 514 million Cz. crowns or 900,000 tons, and that of the 11 Co-operative Unions concentrated in the central co-operative organisation, viz. the Centrokooperativ, making 1,560,980 tons to the value of 1,014,930 Cz. crowns. The gross profit of our co-operatives averages 6.68 per cent. ; commercial expenses, 5.08 per cent. ; industrial expenses, 29 per cent. There is an almost perfect concentration

of business relations between the co-operative societies and the Kooperativa—in the case of fertilisers 93 per cent., and coal 86 per cent.—and a good one with feeding-stuffs, 50 per cent., and grain, 30 per cent. The storing capacity of our co-operative storehouses is about 160,000 tons; the mills have an output of 34,900 tons of wheat and 23,600 tons of rye.

The co-operative electricity societies on the contrary are showing, as a consequence of general unfavourable conditions and credit restriction, a tendency to decline, which is, however, neutralised by internal consolidation, *viz.* establishing of District Co-operative Unions where hitherto there have been only local co-operatives on the one hand and the Central Union on the other. A further action of our electricity co-operatives has been very beneficial to consumers of electric power: the successful struggle for a general decrease in the rate for unit electric power. There is of course still a discrepancy between the rate of non-co-operative societies, average rate, 2-2.20 Cz. crowns, and that of co-operative societies, *e.g.* the Co-operative Society at Drazice, 1.60 Cz. crowns.

The Dairy Co-operatives are progressing very successfully and are increasing their beneficial activity, especially since the amalgamation of Moravian and Bohemian co-operatives. New dairies are growing up (25 within the last year), wherever their prosperity is ensured. The Dairy Syndicate is being planned; a law providing the foundation of a butter exchange is being prepared; intervention butter stocks have been arranged, etc.

The Credit Societies, Kampelicky, to the number of 1926, are also overcoming the present crisis very well. They have a regular development showing over  $2\frac{1}{4}$  milliards Cz. crowns of deposits, though there is a steady rise in loans,  $1\frac{1}{2}$  milliards Cz. crowns. The Credit Policy is stabilised, thanks also to the district agreements between the co-operative and non-co-operative societies as to the uniform rate of interest. The reserve funds total 75

million Cz. crowns, about 3 per cent. of deposits as against 3·7 per cent. at the District Farmers' Banks.

At the close of this short report, which of course cannot enumerate all important events in the Czechoslovakian co-operative agricultural movement during the year 1932, I may be allowed to point to the following questions, which are still carefully studied by the leaders of Czechoslovakian agricultural co-operation :

- (a) the care of co-operative youth, by arranging of special courses, etc. ;
- (b) control by a special department of new co-operative warehouses to be built ;
- (c) organisation of insurance for allied co-operatives ;
- (d) legislative activity, comments on numerous agricultural bills ;
- (e) collaboration with the agricultural co-operative movements in other countries.

As a proof of the appreciation of the good services and importance of our co-operative movement, two facts might be mentioned : (1) Ing. Ferd. Klindera, Chairman of the Central Union of Czechoslovakian Agricultural Co-operatives, as well as Dr. F. L. Dvorak, Central Manager of the same, have been honoured by the Gold Medal of the French Agricultural Academy. (2) Dr. Feierabend, General Manager of the Kooperativa, was elected to be General-rapporteur to the last Lausanne Conference on the topic of the agricultural world grain trade.

## THE DANUBIAN COUNTRIES

DURING the last few years the Danubian countries have seen a remarkable struggle between the principal economic community and political individualism, in which the co-operative movements have taken a leading part. The co-operative organisations of Roumania, Bulgaria and Yugoslavia have much in common. In countries where from 75-80 per cent. of the population are dependent on the land, it is natural that all three movements should be mainly of an agricultural character. Actually from 20 to 35 per cent. of the population are included in the co-operative movements.

In all three countries the movement has had powerful state support, in spite of the highly varied national and racial characteristics of sections of the Roumanian and Yugoslav movements. This has been in some measure necessitated by the loss of co-operative capital in the inflation which all three countries suffered ; but it is still more due to the fact that, in such states, national progress is based on agricultural progress, and agricultural progress can only take place through co-operation. In recent years all three countries, as well as Hungary, with which they have much in common, have been caught in the agrarian and especially the cereal crisis. Competition with Russia and the overseas countries has imperilled their market ; new tariff barriers have threatened still further to restrict it ; through the general fall in prices the value of their exports has fallen by 60 per cent. The failure of exports has lead to an extreme difficulty in meeting national obligations, and this has once more drawn the attention of governments to the agricultural problem and the

co-operative solution. At the same time it has meant that movements which have been hitherto mainly preoccupied with credit are now turning their best efforts to marketing.

The working of these influences may be traced to individual countries. The General Federation of Agricultural Co-operative Societies in Yugoslavia includes about 75 per cent. of the societies in the country, the latest figures being 7,434 societies with a membership of 855,836. The majority of these are credit societies, followed by those engaged in the supply of agricultural and domestic requirements; but there has been a rapid extension in co-operative dairying and cheese-making, in stock-raising and in the formation of agricultural communities.

The Serb group of societies has opened a new wholesale for supply and marketing, and is about to build a sugar factory. Attempts are being made to secure a favoured position for co-operative tobacco societies under the Government monopoly.

Following on the admitted failure of the attempt to control wheat prices through a State Board "societies are entrusted with an entirely new task of bringing grain production by suitable planning of cultivation, collection, storage and standardisation into harmony with the requirements of consumers." The Government party in their 1932 program expressed their support of the co-operative principle, and the King in opening Parliament declared that "the Government will attempt to strengthen the economic power of our peasants by a systematically organised co-operative movement." The movement has already received State financial aid, especially since private bank credits were withdrawn in 1928. Proposals are now on foot for the formation of regional economic councils with powers to construct cold stores and other aids to non-cereal production.

In Bulgaria the 3,505 co-operative societies with some 700,000 members, are again mainly concerned with credit; but the general increase which has taken place in the last few years has

been especially marked in the department of marketing. "Zad-ronga", the central trading subsidiary of the Co-operative Bank, handled a large proportion of the Bulgarian cereal trade in 1931, and also sold eggs. The marketing of silk and other commodities has been taken up by the agricultural bank. The marketing of tobacco and attar of roses have of course been carried on co-operatively for some time.

An important recent event has been the publication of a report of the two experts appointed by the League of Nations at the request of the Bulgarian Government to inquire into the state of co-operation. The experts were both professional co-operators, one from Finland and one from Czechoslovakia. They drew up a plan for a comprehensive rationalisation and re-organisation of the whole rural economic system, for a unification of co-operative forces, and a more definite link between them and the activities of the State. The report was considered at a special session of the Higher Council of Co-operation early in 1932. It was agreed that both financial aid and supervision from the State would be necessary, though some fear was expressed lest the movement should become a purely State institution. The thorny question of the two central banks and their overlapping services was shelved, but it was agreed that organisations carrying on different activities should be grouped under independent centres.

The Roumanian system of interlocking state and co-operative action has already been described (see *Year Book*, 1930). In 1931 the number of credit societies had increased to 4,733, with a membership of close on one million. Attempts were being made to use co-operative loans for the moving of crops; but up to the present only a small proportion of the credits in circulation have been directed to this purpose. Meantime co-operative education is being carried on by a variety of means, including the use of films and broadcasting.



In Hungary the slump has been felt for five years past. Attempts have been made to compensate the cereal grower by a form of bounty on sales ; but this has been a doubtful palliative and was abandoned for the harvest of 1932-33. Export has been hampered by the tariffs and restrictions of neighbouring importing countries, and also by the restrictions imposed by the Hungarian Government itself when the withdrawal of foreign capital threatened the budget and the currency. Consequently the main work of the Hangya has had to be one of internal consolidation. The fact that sales have increased, especially of agricultural and domestic necessities, is put down to increased co-operative loyalty—for the spending power of the peasant has undoubtedly decreased. The National Central Credit Institution has reported an increase in membership and loans, but a certain falling off in deposits. Egg and dairy societies on the other hand have done well. The Government has introduced a modified State wheat-purchasing scheme organised entirely through the co-operative society, Fuhira. The Fuhira has also taken over certain wool auctions.

That the new Hungarian Government is prepared to adopt a co-operative policy for agriculture may be gauged from the following extract from the legislative program, in which the Government

“declares its willingness to promote all forms of co-operative self-help, and lays particular emphasis on the development of credit, trading, consumers’ co-operation and producing and processing societies among the rural population. The Government in conclusion stresses the necessity of special organisations to control the activities of co-operative societies and ensure that they are conducted with true co-operative spirit and in accordance with the real aims of altruism.”

Wheat Conferences among the Danubian and neighbouring countries, attended mainly by government delegates, have been held in large numbers and with comparatively little result. In

October, 1931, the first purely co-operative meeting was held at Stamboul, and passed a resolution in favour of national co-operative marketing agencies, together with an Inter-Balkan Co-operative Union. This was followed by a meeting in Sofia in December of the same year, at which only the representatives of the Roumanian and Bulgarian co-operative movements were present. It was agreed that: (1) a central co-operative cereal office for the Balkans should be set up; and (2) that support from national governments would be required. Pending the fulfilment of the larger schemes, the two countries represented agreed to devise common measures to facilitate the export of agricultural produce, and to set up a central organisation for the exchange of produce (for example, Roumanian salt and petroleum against Bulgarian tobacco) and for the purchase of agricultural implements and machinery.

A third conference was held in Bucarest in April, 1932, at which the co-operative movement of Yugoslavia was also represented. The problems discussed were (a) export of produce, (b) import of requirements, and (c) intertrading, together with the assistance required from the states for these purposes.

The conference agreed that the crisis could only be overcome by co-operative rationalisation, and decided that improved marketing should be entrusted to National Co-operative Institutions which should form a Co-operative Bureau of the Danubian States, with the object of directing export on a unified basis. Further decisions concerned the import of requirements, the establishment of standards of quality, the financing of operations, inter-co-operative exchange and increased communications of a friendly and educational nature between national co-operative movements. Before the Danubian Bureau could be formed it was, however, decided that the co-operative movements of Hungary and possibly other states must be brought into the scheme.

## RUSSIA

BY

A CORRESPONDENT

It is not easy to give an exact account of the present position of agricultural co-operation in U.S.S.R. Various circumstances make the task difficult. Economic changes in U.S.S.R. are frequent and the difficulties which have to be faced by the statisticians are quite comprehensible. The colossal size of the country makes the collection of data very hard ; but full official statistical data are at hand in regard to developments up to the end of 1931. Another difficulty lies in the fact that figures indicate only the quantitative character of the activities, without telling much about the quality of achievements. The latter have to be judged by direct observation on the spot or by separate facts, which can illustrate the general position. Such facts are daily published in the Soviet press. But the choice of them for illustration is not easy ; the Soviet newspapers are very careful when discussing general principles, but extremely frank about the defects and shortcomings of co-operative organisations ; there is much more criticism than praise. One must, therefore, exercise care when looking for facts in the daily press of the U.S.S.R., to take them in proper proportion.

It is clear that the country is struggling with great difficulties, largely owing to its immense size and the extreme centralisation of the system. Its dimensions present the greatest difficulty for generalisation. A population of 162,143,000 (1.7.1932) is spread over an area of 8,241,921 square miles ; only 33,622,000 live in towns.

The composition of the population presents the next difficulty : out of the whole population, 47 per cent. or 76,324,000 are children and young people from 1 to 19 years old ; only 31 per cent. or 50,673,000 are over 19 and up to 39, and 22 per cent. or 35,140,000 are over 39 years old. There were in 1931, 88,882,000 people of working age (16-59 years old), men 42,427,900 and women 46,454,100. The productivity of labour must considerably suffer from such a high percentage of people below 19 years and it will take a few years more for the balance of ages to adjust itself.

The cultural level of the population is also not favourable for the new complicated technical methods of work. There are 19,791,000 persons in schools and universities ; in the elementary and middle schools, 17,700,000 ; in the technical and professional schools, 1,749,000 ; and in universities and technical higher schools, 272,100 (*Statistical Year Book*, page 23). The principal factors of the agricultural economy of U.S.S.R. can be seen from the table on page 108, also taken from the *Statistical Year Book of U.S.S.R. of 1932*.

The table shows a considerable increase in the sown area. The increase is very considerable especially for technical cultures and has practically been trebled for cotton and sugar beet. The increase for grain cultures is, however, only about 10 per cent. for the last five years. Notwithstanding the great process of mechanisation of agriculture, the average harvest per hectare does not show the same constant increase as the area sown. This indicates bad organisation, low productivity of labour and bad utilisation of the mechanical power in hand. The number of horses and cows diminished considerably during 1930, when the well-to-do peasants slaughtered the animals as a protest against the policy of collectivisation.

When the table of the principal factors of the agricultural economy is analysed, in order to discover how far the plans

## 108 YEAR BOOK OF AGRICULTURAL CO-OPERATION

## AGRICULTURAL DEVELOPMENT IN U.S.S.R.

	1927.	1928.	1929.	1930.	1931.
<b>1. Sown Area :</b>					
Total (in mill. of hect.) .	112.4	113.0	118.0	122.2	136.4
Grain cultures (ditto) . .	94.7	92.2	96.0	98.6	104.5
Wheat (ditto) . . . . .	31.2	27.7	29.7	132.6	137.3
Cotton (in thous. of hect.)	802	971	1,056	1,583	2,200
Sugar beet (ditto) . . .	665	770	770	1,305	1,500
<b>2. Harvest per hectare (in cwt.) :</b>					
Average of total grain cultures . . . . .	7.6	7.9	7.5	8.5	7.6*
Winter crop of wheat . .	8.7	7.8	7.9	10.6	—
Spring-wheat . . . . .	5.9	8.0	4.9	7.3	—
Cotton . . . . .	9.0	8.5	8.2	7.0	—
Sugar beet . . . . .	156.5	131.8	81.1	135.3	—
<b>3. Gross Production (in mill. of cwt.) :</b>					
Total grain . . . . .	728.1	733.2	717.4	835.5	—
Wheat . . . . .	216.8	219.7	188.8	269.2	—
Cotton . . . . .	7.2	8.2	8.6	11.1	—
Sugar beet . . . . .	104.1	101.4	62.5	140.2	—
<b>4. Cattle in million heads :</b>					
Horses . . . . .	31.6	35.5	34.6	30.8	—
Horses in working age among them . . . . .	23.2	24.3	25.2	23.2	—
Cows . . . . .	29.9	30.8	30.4	26.7	—

\* See Dr. O. Schiller, *Russland das Landwirtschaftlichen Probleme*, 1931/2. Berichte über Landwirtschaft, Band XVI, Heft 3, p. 499.

made for the rural economy were fulfilled, the following results are shown by the *Statistical Year Book* in percentages of the plan :

	1929.	1930.	1931.
Total sown area . . . .	97·3	94·4	100·9
Grain . . . . .	96·9	94·0	96·5
Technical . . . . .	94·6	95·1	130·6
Cotton . . . . .	100·1	123·1	157·1
Sugar beet . . . . .	89·9	119·4	150·0
Flax. . . . .	114·3	106·7	143·8
Hemp . . . . .	90·0	70·0	81·9
Melons and vegetables . .	100·0	114·3	130·4
Potatoes . . . . .	95·0	87·3	92·4
Sowing grass . . . . .	109·5	101·9	128·0

It is characteristic of the character of planning in the U.S.S.R. that the producing organisations regard it as their task always to overfulfil the plan, but this has not been achieved in grain production. The increase of the area sown has not resulted in a proportional increase of the amount of collected grain. The grain harvest in 1931 was, notwithstanding a bigger sown area, lower than in 1930. (According to statistical information, the average harvest per hectare in the State Farms is by 25 per cent. and of the Collective Farms by 4 per cent. higher than that of individual farms.) When judging these results, however, one must make allowance for the very bad weather conditions in the year in question (1931).

These unsatisfactory results have their influence on the quantity of export of grain. It was planned to export 5½ million tons up to July, 1932. This could not be done because of the smaller amounts in hand and of bad quality. The place of agricultural produce in the export trade of U.S.S.R. has been for the last years diminishing, as can be seen from the following

# 110 YEAR BOOK OF AGRICULTURAL CO-OPERATION

*Statistical Year Book* table, showing the importance of different commodities (in percentage of total exports) in the export trade :

	1913.	1928.	1929.	1930.
Total export . . .	100	100	100	100
Agricultural . . .	73·7	46·2	43·1	44·4
Grain . . .	35·3	1·5	2·5	20·0
Wheat . . .	14·8	—	—	12·6
Rye . . .	2·2	0·1	0·9	3·5
Flax . . .	6·2	3·1	4·1	2·3
Butter . . .	4·7	4·9	3·4	1·0
Eggs . . .	6·2	5·2	2·6	0·4
Meat products . . .	0·6	2·1	1·4	0·3
Furs . . .	1·1	14·7	11·5	7·4

Before the revolution Russia was to a great extent a country of small scale individual farmers. To-day they are largely merged into various kinds of Collective Farms: *Kolkhozi*, collective farms of the simplest kind, associations for the common cultivation of land with collectively owned means of production but individually owned fields; *Artels*, with collectively owned means of production and land; and finally the *Agricultural Communes* where not only the agricultural productive activities of members, but also their household economy, is collectively organised.

Collective farms in 1931 had more than half of the total sown area. The individual farmer still remains a considerable factor in agricultural economy, accounting for one-third of the sown area in 1931. His survival is considerably influenced by advance contracting on the part of the large purchasing State and co-operative organisations. These organisations, buying at fixed prices, dispose of considerable financial means of their own and are supported by State credits. They enjoy privileges in storage and transport and occupy a monopolistic position in the agricultural produce market. Advance contracting for a part of the crop, or for the whole agricultural production, regulates

# RUSSIA

III

within certain limits the production of millions of individual farmers, establishes prices in advance and allows the granting of cash or goods credit ; it is still found to be one of the most efficient methods of State planning.

The process of collectivisation, conducted for the last five years with incredible rapidity, is shown in the *Statistical Year Book* in the following figures :

	1928.	1929.	1930.	1931.
1. No. of Collective Farms . .	33,258	57,045	85,950	217,800
(a) Kolkhozi . . . . .	19,546	34,032	14,522	—
(b) Artels . . . . .	11,374	19,535	62,006	—
(c) Communes. . . . .	1,747	3,478	7,342	—
2. No. of households (in thous.)	416·7	1,007·7	5,999·8	13,562·5
3. Population of Collective Farms (in thous.) . . . . .	1,982·6	4,662·8	26,868	—
4. Area of collective sowing (thous. of hectares). . . . .	1,398	4,185	34,816	80,119
5. No. of horses (in thous.) . .	93	284	3,438	—
6. No. of cows (in thous.) . .	68	173	1,378	—
7. Percentage Collectivisation :				
(a) of population . . . . .	1·6	3·5	21·0	—
(b) of households . . . . .	1·7	3·9	23·6	55·1
(c) Area of sowing . . . . .	1·2	3·6	30·9	63·6

The growth of the average scale of collective farms for the last four years can be seen from the following *Statistical Year Book* figures :

No. of households . . . . .	12	18	70	63
No. of persons . . . . .	60	82	313	—
Percentage of area of sowing .	41·7	73·3	405	367·9
No. of horses . . . . .	2·8	4·9	41·2	—

It is further shown that the development is in the direction



of the increase of the size of Collective Farms and that the prevailing type is from 35 to 135 households.

The main problem of the Collective Farms is the organisation of labour. The accounting for the work done by members is still in process of being systematically organised. There are different kinds of systems in operation. For example, in the north of Caucasus, there is a special receipt (ticket) system in operation. For the number of working days accomplished the member receives special tickets, which he has to keep till the distribution of the harvest. Such system seems to be at first sight a simplified method, but in practice it leads to undesirable results. In some collective farms the tickets go into circulation as paper money; members in need of cash sell them to others.

Finally, the labour in Collective Farms has now been mainly organised on a piece-work system (*Akkord-Arbeit*); only the technical personnel receives a fixed sum per day; all others are paid only in accordance with the amount of work accomplished; 76 per cent. of all Collective Farms were operating under this system on 1.1.32.

In order that such a system should operate properly, it is necessary that all processes of labour should be calculated and expressed in the same unit. Such a system has been devised only recently (1931). All work is divided into five groups: (1) easy work, counted as 0.5 of the work unit; (2) middle heavy work, 0.75 of the unit; (3) heavy but simple work, 1.0 of the unit; (4) heavy work which needs special knowledge, 1.25 of the unit; and (5) specially qualified work, 1.50 of the unit. For example, when a member is doing heavy work which needs special knowledge (say, drying of flax) and fulfils his norm of work per day, his account is credited with 1.25 of the work unit for the hours of actual labour.

The above five groups give, however, only a general outline. In addition, a detailed estimate of all working operations must

be established. This is extremely difficult to do, because the conditions in different parts of the immense country are so varied. It is also extremely difficult to obtain high quality work under the piece-work system.

The working hours in Collective Farms, in contrast with the State Farms, are not fixed. There has never been an 8-hour day in the Collective Farms, as in the latter. As in other farming communities, work is done from sunrise to sunset, and a working day may be 14 to 16 hours.

The reward for work is received in Collective Farms in the form of the participation of members in the distribution of goods produced by their activities. First from the income are paid : taxes and rates, insurance and interest on funds borrowed from credit institutions ; then 10-15 per cent. is put aside for further investments and developments in the Collective Farms ; next, seeds for the coming sowing season are deducted and also certain contributions are made to the State seed-funds, which have to provide Collective Farms with seeds in case of need, and contributions to different social funds, funds for cultural development, premium funds, etc. These payments may absorb half the income of the Farms ; the remainder is divided among the members of Collective Farms in commodities and money. But no family can receive in commodities more than an allowed fixed maximum for each of its members. If the family is entitled, according to the schedule of work accomplished, to a higher remuneration, the extra commodities are sold to the State institutions at a fixed price, and the proceeds are paid to the members of the Collective Farm. But as members cannot buy much for this money, they are inclined to work only so far as to secure the full amount of grain and other commodities, which they can get under the fixed norm of remuneration.

Such conditions contribute to the causes of low productivity of Collective Farms. The best way to offset them

would be to supply the farms with industrial products at low prices. But as the "scissors" between agricultural and industrial prices are very wide, this is impossible. Another way is being tried by the Soviet Government, the so-called "Collective Farms Bazaars". Under this plan, permission is given to collective Farms, and to their members, to sell their produce on the free markets, that is, not at fixed prices. The explanation given in the press of U.S.S.R. is that such trade will facilitate for the agricultural producer the sale of a part of his goods directly to the consumer, "instead of disposing of practically the whole of his surplus to State or co-operative buying organisations." Thus, in the midst of the regulated and planned economy of U.S.S.R., a chaotic unregulated exchange of goods is being established.

The position thus reached is very unsatisfactory from the point of view of the centrally planned economy of the consumers' co-operative organisations, the net of which had grown to immense dimensions. In October, 1924, the consumers' societies of U.S.S.R. had a total of 35,700 shops; seven years later their number had increased to 158,000. But here also there is evidence of a process of decentralisation. The local shops are being put on a self-supporting basis. Shops with a turnover of 200,000 roubles a month and more are permitted to open independent current accounts with the banks, and each shop draws up its own trade and financial plan. Shop managers have been given the right to buy certain goods by direct purchase, a practice which has always existed to some extent in spite of efforts for centralisation. Further, according to *Pravda* (October 4, 1932), the establishment of their own pig, poultry and rabbit farms is regarded as one of the main tasks of consumers' co-operative organisations.

Thus, after many years of planned activities, which resulted in the formation of Central Co-operative Consumers' and centra-

lised Marketing and Credit organisations, with the largest membership in the world, the thousands of local collectives are going to market each on its own and the thousands of consumers shops are not only to provide each for itself, but to build up their own agricultural productions. This process of decentralisation in the co-operative movement must be a matter of concern in the planned economy of U.S.S.R.

Collective Farms are the most widespread form of agricultural organisation in U.S.S.R., but the importance of State agriculture increases rapidly. It finds its expression in State farms and machine and tractor stations. State farms are conducted as agricultural factories by means of hired labour and for account of the State. The State farms are the strongest and most successful form of agricultural production in U.S.S.R. The speed of their development for the last few years has been rather astonishing, as can be seen from the following *Statistical Year Book* table :

	1929.	1930.	1931.
1. No. of State Farms . . . . .	3,037	4,832	5,383
2. Capital invested (in mill. of roubles) . . . . .	267	1,086	1,655
3. Sowing area (in thous. of hectares) . . . . .	2,217	4,635	10,523
4. Production of grain (in thous. of cwts.) . . . . .	13,269	32,557	—
5. Percentage of grain marketed . . . . .	51·8	41·8	—
6. No. of tractors (in thous.) . . . . .	9·7	25·0	48·6
7. Cows (in thous.) . . . . .	72	306	1,265

Collectivisation and State farming have been greatly assisted by the activities of the tractor stations. Their number has grown from 1,400 in 1931 to 2,143 in October, 1932, as against 3,100 planned. Their operations in 1932 covered 52·9 per cent. of all Collective Farms, as compared with 37·7 per cent. in 1931. In 1931 (May) there were 38 tractors per station. This number is being increased, as the production of tractors in U.S.S.R. is growing. The tractor stations are assuming the importance of

a new form of control of collective farms. With their help the latter are improved with regard to organisation and technique of work ; it is possible that under this official influence they may tend to approximate more nearly to State Farms in other respects.

The State has helped the Collective and individual Farms with moderate sums, but the investment in State Farms has been many times larger than the investment in Collective Farms. The plan for 1932 provided considerable proportional increase in capital expenditure on State Farms and machine tractor stations.

The financing of co-operative activities was in the hands of the Central Co-operative Bank of U.S.S.R. (Vsekobank), but this is now merged in the Commissariat of Finance and operates as its department. The system of the agricultural co-operative credit institutions after declining from 10,000 local societies in 1930 to 2,169 societies in 1931, has now been incorporated in the system of the State Bank. The number of the branches of the latter increased from 648 at the beginning of 1931, to 2,570 in the following October.

## THE AMERICAN SITUATION

BY

ROBIN HOOD

THE co-operative movement in the United States is again in turmoil—the aftermath of another of our periodic booms. Co-operative movements in many countries have experienced booms, but I doubt whether the rest of the world fully comprehends the high-pressure, fever-pitched manner in which Americans occasionally do, or overdo, organising activities of any sort. We seem instinctively to be “joiners” and the mass seems to reach for the moon under effective exhortation. The co-operative boom now ending is attributed to the Federal Farm Board created by the Agricultural Marketing Act, approved June 15, 1929. Since that time our national co-operative picture has been completely repainted. The erection of several giant national sales co-operatives with numerous large-scale regional affiliates has made this latest boom period the most far-reaching in a century of American co-operative development.

### RECENT PERIODS OF CO-OPERATIVE DEVELOPMENT

To grasp the nature of the present turmoil, it is necessary to review a little recent history. Prior to the World War our development was along local lines and we formed numerous more or less successful community enterprises. Visioned co-operative pioneers were formulating the principles and developing the practices which pointed the way to later development. Theirs was a work of trial and error, almost entirely on a local scale.

Closely-knit community co-operatives were the laboratories wherein methods were tested, adjusted and made known to the agricultural industry as a whole. More than 5,000 of these associations were operating in 1915, but their members numbered only 650,000.

Immediately following the War came a second period of development, one in which we witnessed the first intensive promotion of large-scale state and regional marketing associations. It reached a climax in 1923 and 1924. In this period particular emphasis was given to tobacco, grain, cotton and a few of the perishable crops like milk, potatoes and certain of the fruits. Stimulated by low prices, farmers literally rushed into large new centralised associations. They signed iron-clad contracts to deliver all their product and, for almost the first time, they vested control of the sales in the hands of officials at some distance, over whom they exercised relatively less control than the local type of co-operative had been accustomed to. In many cases the farmers yielded to harangues by fluent exhorters and knew almost nothing of their responsibilities as members nor the limitations of the co-operative institution. The prevailing impression seemed to be that with one-half or more of a crop in the hands of a single co-operative, it could become a dominant factor in controlling the flow of commodities and that through that control the whole level of farm prices could be artificially raised. Some over-enthusiastic promoters talked about setting aside the law of supply and demand, while others talked about making it effective. Most of them promised high prices ; members were led to believe that at last they would be enabled literally to dictate prices.

Several salutary failures, particularly in tobacco and grain, ended the pell-mell rush and ushered in a period in which co-operative members and officials paused to take inventory, to check up on their thinking, to perfect their operating policies and to

study the new lessons they had learned from "big business" as applied to agricultural marketing. This was a period in which part of the gains were consolidated and unnecessary baggage was thrown overboard. Meanwhile the number of co-operative associations had doubled and the number of co-operative members had quadrupled in the decade. From 1925 to 1929 the movement just about held its own from a statistical standpoint. The number of associations, total number of members and volume of business turnover increased but slightly.\*

#### GROWTH STIMULATED BY THE FARM BOARD

Passage of the Agricultural Marketing Act in June, 1929, ushered in a second boom period for large-scale co-operative marketing. Provisions of this Act make it the policy of the nation to promote and finance "producer-owned and producer-controlled co-operative associations." Reference of the act to a "farm marketing system" is pointed out as justification of a policy of promoting primarily a series of national organisations, each of which is set up as the sales federation of existing co-operatives handling a particular commodity. The nationals, planned and financed by the Federal Farm Board, are : Farmers' National Grain Corporation, National Wool Marketing Corporation, American Cotton Co-operative Association, National Bean Marketing Association, National Livestock Marketing Association, National Fruit and Vegetable Exchange, National Pecan Marketing Association, National Beet Growers' Association. Of these, the

\* Notwithstanding statistics assembled by the Department of Agriculture. It must be remembered that these statistics are dependent upon voluntary returns of questionnaires by the co-operatives. Our tables of 1925 data, for instance, do not include organisations operating in that year which may not have begun to supply data until several years later. Data for 1932, on the other hand, is more likely to be adequate because of another seven years to perfect the research method.



bean organisation is not functioning, while the beet association is a conference group rather than a marketing organisation. Numerous new regional associations were brought into existence to round out the operations of these nationals.

All told, the Farm Board has spent several million dollars and has loaned several hundred millions in its program for developing the movement. This development, however, is not reflected in any great increase in number of associations but in the increase of membership and volume of business in the large-scale organisations. To ascertain the nature of the development, the National Co-operative Council a year ago made a survey of large-scale associations which had been in existence prior to the creation of the Farm Board. The survey encompassed groups handling one-third of the nation's co-operative business turnover, a representative sample of the whole. It showed that producer-members had increased 33·4 per cent. in number while the volume of products handled had increased 28·8 per cent. during the two years immediately following passage of the marketing Act.

In the past year we have again been consolidating our advances and studying our mistakes, just as we did in the few years following the boom of a decade ago. Our movement has grown little in size this year and, barring unforeseen contingencies, will not grow materially in the next several years. On the other hand, all the evidence at hand indicates that we are likely to grow in comprehension.

#### RELATIONS OF CO-OPERATIVES TO THE GOVERNMENT

That the Agricultural Marketing Act has greatly stimulated the movement cannot be successfully refuted; the evidence is overwhelming. Controversies develop only when the disputants examine into such questions as to whether the growth is all sound and permanent, whether co-operative principles have been compromised. These fundamental controversies revolve around

the Farm Board because ever since 1929 the fortunes of agricultural co-operation have been entwined with its policies and practices. The board was only a few months old when controversy began smouldering under cover. It recently burst forth into flame.

Has the movement, under Farm Board influence, proceeded too far and too fast in centralisation and unification? This is the issue around which the debate is revolving, but behind it is the more basic but less-discussed issue of the relationship of the State to the co-operatives. On this issue our leaders are to be found in three camps. One is the group, greatly outnumbered, who lashing their colours to the mast, have gone down arguing the good Horace Plunkett doctrine of the "immeasurably more effective value of organised voluntary action than of state assistance." They have contended that Government aid and stimulation makes for unsound mushroom growth; that the interests of permanent agriculture are best served by slow and careful development held back to such a pace that membership understanding will keep up with physical growth. Besides, they insist, we should be less interested in business achievement or in utilising the co-operatives to meet an emergency price situation and more interested in building the movement as an agency for permanent social and economic good. They particularly fear the danger that Government bureaucracy and political control may strangle the movement; they preach the doctrine of self-help. They are willing, however, to give every encouragement to research and dissemination of information by government agencies with respect to agricultural co-operation.

A second camp also approves the principle that paternalism is undesirable, that artificial stimulation is dangerous, that self-help is the one best doctrine, but they insist these are critical times when usual economic structures have failed us and when the sympathetic counsel and financial aid of the Government

is necessary to the preservation of all we have gained. They believe co-operative organisation is only justified upon the basis of need and service, and that organisations should not be thrust upon the farmers "from the top down." But they insist that when usual avenues of credit have been clogged, as in this period of depression, co-operatives must have Government credits generously extended. A certain amount of Government control to accompany the funds is natural, they admit, but they believe this is only a temporary evil to be cast aside when normal conditions return and the Government loans are repaid. Viewed practically, theirs is a tenable and understandable position, although the zealot for principle may find it maddening.

Another camp consists largely of leaders who have risen to responsibility during the boom. Parenthetically, I must say that many of our new leaders are to be found in one or the other of the two groups mentioned above. This third group regards co-operative marketing as an incidental means to bring about overhaul of our marketing system. To them co-operation is not a social structure, but purely a price structure. They expect nothing more out of co-operation than better markets for the products they are selling. They would be just as eager to espouse Government price-fixing or arbitrary Government surplus control if they could see an advantage, and many of them do. Of and by itself co-operation is nothing to them. In time their view may be broadened, but meanwhile they are willing and eager to make the co-operatives beneficiaries of all the paternalism a fond Government may wish to bestow. They want easy Government loans to the co-operatives, and many of them. And as far as control by the State is concerned, what difference does it make as long as higher prices for farm products result? Besides, they want to know how else than through a certain amount of Government suzerainty various co-operatives can be merged into strong central market co-ordinating organisations.

## THE CONTROVERSY OVER CENTRALISATION

However, as is often the case in public debate, the main issue of State relations has been obscured by the very important side issue of centralisation versus decentralisation of the co-operative structure. On the one hand are the members of the Federal Farm Board and most of the executives of the new national sales organisations who have proceeded upon the theory that technical efficiency and price-influencing power demand centralisation of the co-operatives handling a given commodity into one powerful agency which controls to a more or less marked degree the business activities of the constituent local or regional organisations. On the other hand are those who maintain that successful co-operation begins at home and depends upon keeping all possible functions close to the community where the farmer-members may sense their responsibility and exercise their control. They are willing to approve superstructures provided they are based on federated autonomous local or regional co-operatives. Moreover, they severely question even the business efficiency of certain national sales co-operatives and assert that, in some cases at least, regional sales co-operatives operating in definite limited areas would be more efficient, especially if working agreements were developed between the various regional organisations.

I know of no better way to set forth the controversy over centralisation than to quote from the record of the recent Durham sessions of the American Institute of Co-operation, an educational conference in which co-operatives, colleges, general farm organisations, etc., annually discuss co-operative problems. At that meeting Carl Williams, a highly respected co-operative leader who is a member of the Federal Farm Board, explained and defended the board's policy with respect to the centralised national agencies. Those who believe the Board has gone too far with its centralisation program and are asking that the program be

put into reverse gear were represented by Dr. E. G. Nourse, director of the Institute of Economics, author of several co-operative books and recognised as a keen master of co-operative research and co-operative principles.

First, let Mr. Williams set forth his views :

" Congress clearly looked to the development of a system for greater unity of effort in marketing. . . . What is a system but the substitution of correlated effort for competitive effort among the more than 12,000 small co-operatives each already doing a worthy work in a relatively small or local field but none having any influence whatever on the national and international distribution problem ?

" To promote and encourage more such associations, praiseworthy though they were, would not in the judgment of the Board, at all satisfy the requirement that it promote an effective system of co-operative organisation. . . . So meetings were held and plans submitted to grain, cotton, wool, livestock and other groups of co-operatives and out of these meetings several nationals were formed. . . .

" Each national has its problems. No two are alike because no two commodities are alike either in production, in distribution or in location of markets. But the problems of each area growing a specific commodity are alike or at least interlocked. Every bale of cotton, or bushel of wheat, or pound of cherries, or box of apples grown in America competes directly or indirectly with every other bale or bushel or pound or box. Why should they continue to be sold in competition, at least so far as farmers are concerned. The Farm Board sees no good reason . . .

" There are six million farmers and twelve thousand co-operatives. But five men control half the dairy products of America, three men half the cotton, five men handle half the wheat, ten men handle half the wool, four men process half the livestock and four others control 95 per cent. of the tobacco consumed in America. What chance have six million farmers unorganised, or twelve thousand co-operatives equally unorganized so far as national distribution is concerned, to bargain on equal terms with these giants of private distribution ? No wonder Congress prescribed ' a marketing system ' producer-owned and producer-controlled."

Those few paragraphs are the heart of the Federal Farm Board's policy with respect to the formation of its nationals.

Now let us examine the position of those who believe the Farm Board is carrying this policy of centralisation too far, as stated by Dr. Nourse :

“ Their (the Farm Board's) zeal for national collective bargaining organisations has resulted from their belief that substantial price enhancement could be secured by invoking the powers of monopolistic selling. They have failed to take account of the highly competitive character of all except a few strictly limited branches of American agriculture. In view of this competitive position of the industry, the most effective selling organisation is one which attains maximum flexibility and effects the most intimate contact between local sources of supply and the selling and processing markets. These show a strong tendency toward decentralisation in conformity with producing areas. The greatest success of co-operative selling is to be attained through effecting quick and accurate matching of supplies to demands, with strong emphasis upon quality differentials.

“ The Agricultural Marketing Act set up as an objective the attaining of more unified marketing efforts. The Board began by interpreting the phrase in the Act ‘ greater unity of effort in marketing ’ to mean literal *unification of organization* into a single regional or national set-up. Under this interpretation of the law they said that anything which puts part of an industry in competition with another part was taboo and to be denied the benefits of Farm Board support. Though time has moderated this attitude, it has by no means eradicated it. Its weaknesses are plain. The governing consideration, I believe, is that there should be enough centralisation of product covering a certain demand outlet to build up a competent handling staff without running the risk of weakening specialised effort for a distinctive product or specialised knowledge of distinctive consumer needs. It is highly desirable that marketing be systematised up to limits co-extensive with the industry, but this can be accomplished by a flexible and voluntary co-ordination of effort between state or regionally independent selling agencies much better than by a single overhead selling organisation designed either for the formulation of basic prices or the conduct of collective bargaining operations. . . .

“ What is more important for the purposes of our discussion is the fact that the Farm Board has been so obsessed with its philosophy of price benefits through collective bargaining that it has neglected to cultivate adequately the field of economy and efficiency in the assembling, standardising and distributing functions. . . . Such work as is done in the interest

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of economical and efficient handling is not done for the given agricultural industry as an economic entity but only for those particular associations which have elected to accept Farm Board policies and tutelage."

Dr. Nourse's views are supported by no small number of co-operative leaders. To show this, he quoted a committee of the National Co-operative Council as having told the Farm Board, in substance, that financial, organisational and other forms of aid tendered to co-operatives should be made to regional or even local associations as well as to national groups. The Council's position was not made public, but Dr. Nourse said it is substantially this :

" All cases should be considered on their own merits and the benefits of the act received by all who can show that they are in a position to render effective service on a co-operative basis regardless of whether they attain a particular volume of product or aggregate of membership or sweep of geographic boundaries. Experience teaches us that one of the greatest benefits of co-operative action is to be found in the opportunity which it affords of stimulating efforts of producers to improve the quality of their commodity, to grade it more rigidly and accurately in accordance with the demands of the market, to pack and ship it in the most satisfactory manner, including wise routing and timing of shipments, thus reducing market risks. We claim that co-operative groups organised for the purpose of handling and preparing agricultural commodities for market are entitled to the assistance of the Board and the benefits of the act, regardless of the methods or the agencies which they may think it wise to utilise for selling their product."

### FARM BOARD CHANGES LIKELY

The consequence of the controversy now raging is that the Farm Board faces a fight for continued appropriations from the Congress for its maintenance. The private trades, whose members are opposed to all forms of Government aid to co-operatives and who, in fact, are endeavouring to undermine the co-operative movement itself, are seeking every possible means of repealing

the Marketing Act, abolishing the Board and hampering its operations. Within the co-operative movement, however, is a yet uncrystallised plan to preserve all the good to be found in the act, yet eliminate undesirable features and revise policies to which exception is taken.

There is one point upon which the co-operatives are already unanimous. They demand that the so-called stabilisation clause, under which the Farm Board created corporations to buy and sell cotton and grain as a means of stabilising prices, be repealed. The co-operatives insist upon a complete divorcement of stabilisation from co-operation ; they assert that stabilisation, if undertaken by the Government, should not be entwined with the fortunes of the movement. They declare that stabilisation operations of the Farm Board have confused the public mind with respect to the distinction between artificial price schemes and co-operative marketing and hence have brought disrepute upon co-operative marketing and great harm to agriculture.

A large number and wide range of amendments being espoused by Congressmen, by co-operatives and by others lead inescapably to the conclusion that sometime within the next year the Federal Government will deal with the Marketing Act in a comprehensive manner. The final chapter of the controversy, therefore, is yet to be written.



FARMERS' CO-OPERATIVES IN THE UNITED STATES, 1915, 1925 AND 1932 : NUMBER OF ASSOCIATIONS,  
ESTIMATED MEMBERSHIP AND ESTIMATED BUSINESS \*

Commodity Group.	Associations Listed.			Estimated Membership.			Estimated Business.		
	1915.	1925.	1932.	1915.	1925.	1932.	1915.	1925.	1932.
Grain. . . .	1,637	3,338	3,500				(thousand \$)	(thousand \$)	(thousand \$)
Dairy products .	1,708	2,197	2,392	166,828	520,000	705,000	289,689	750,000	450,000
Livestock . .	96	1,770	1,885	140,567	460,000	740,000	89,062	535,000	520,000
Fruits and vegetables . . .				13,438	400,000	450,000	5,624	320,000	260,000
Cotton . . .	871	1,237	1,347	109,916	180,000	180,000	201,543	280,000	283,000
Poultry and eggs	213	121	267	18,404	300,000	240,000	1,502	150,000	69,000
Wool and mohair	†	71	172	†	50,000	88,000	†	40,000	72,000
Nuts . . .	†	91	134	†	50,000	62,000	†	10,000	21,000
Forage crops .	†	39	70	†	20,000	18,000	†	16,000	8,600
Tobacco . .	†	†	31	†	†	7,500	†	†	1,750
Miscellaneous	43	24	21	17,849	300,000	54,000	6,450	90,000	10,000
buying. . .	275	1,217	1,645	59,503	247,000	533,000	11,677	135,000	181,000
Miscellaneous									
selling . . .	581	698	436	124,681	173,000	122,500	30,292	74,000	48,650
	5,424	10,803	11,900	651,186	2,700,000	3,200,000	635,83	2,400,000	1,925,000

\* 1915 and 1925 data from *Technical Bulletin*, No. 240, U.S.D.A.; 1932 data from *Bulletin*, No. 9, Federal Farm Board.

† Included in miscellaneous selling.

## ARGENTINA

BY

DR. DOMINGO BÓREA

IN the 1932 volume of this *Year Book*, I sketched the present position and the future plans of rural co-operation in Argentina, stressing the importance of Mixed Agricultural Co-operatives. These institutions are destined to be the means of changing the rural economy of the country, because, through their intervention farmers can purchase all their agricultural requirements and can sell their products through them, under the most favourable conditions, that is to say, in the most economic manner.

Yet the number of growers who sell wheat and other cereals co-operatively is still small. There must be about 85 per cent. of the agriculturists in Argentina, even in the present depressed conditions, who dispose of their crops individually to local houses called "general branch country warehouses", "collectors", etc., who provide them with goods for domestic use or consumption, machinery and money for harvest expenses, all on credit.

However, at the present time we are having a period of intensive co-operative propaganda, striving thereby to spread among farmers, legislators and administrators in the country a basic conception of the answer to the following question: How far must the cultivators of wheat, vines, fruit, sugar-cane, tobacco, vegetables, yerba mate, cotton, the stockbreeder and the mixed farmer, proceed in the task of transforming or industrialising the products of their undertakings, in order to obtain the best economic results for the same?

We are beginning to realise that those who wish to sell their produce under the most advantageous conditions, will have to band themselves in co-operative societies. Our grain growers will own elevators, or at least have such at their disposal, where the type of cereal required by the miller and the exporter can be prepared for direct transport. Cotton growers will have their own cleaning shops, in order to sell the fibre and seed to the weaving and oil factories ; tobacco growers their drying depots, so that they can sell their methodically prepared product direct to the factories ; fruit and vegetable growers and stockbreeders their own co-operative wine societies, fruit and vegetable societies and co-operative refrigerating societies.

Pastoral times are gone. The cycle of cereal production now includes the preparation or processing of the product. And as this cannot be done singly, one hundred, two hundred or more growers link themselves together to form a Mixed Agricultural Co-operative, with which we are already familiar, and make the elevator section function for the sale of their cereals. Then the present system of exchange, with the grain depot as its basis, will be supplanted by the bulk system, with the elevator as its instrument.

With this basic plan in mind, the co-operative grain elevator established in Leones (province of Córdoba) in July, 1930, as a section of the Mixed Agricultural Union of Leones, was the first of a series of 130 to be built within five or six years in the grain zone around the port of the city of Rosario de Santa Fé.

The provisional Government of the Republic, which terminated in February, 1932, had granted a concession to the Association of Argentine Co-operatives and the American Corporation for the Encouragement of Rural Progress. The latter was to finance the construction of the elevators. Ten of these were built, and the terminal at Rosario, while others were in course of construction. But the Constitutional Government

which succeeded the Provisional one annulled the concession and introduced to Congress a project for a new Grain Elevators Law.

In the meantime, the Association of Argentine Co-operatives had constituted the Argentine Grain Pool, the functioning of which was inaugurated in April of 1932, carrying four cargoes of wheat in the vessels *Monte Santo*, *Kohistan*, *Rapot* and *Brika*, to our English co-operative comrades who, grouped in the powerful Co-operative Wholesale Society, Manchester, demonstrate the great co-operative consciousness which characterises the British nation as the co-operative cradle of the world.

Thus, with deeds inspired by a wise patriotism, the Association of Argentine Co-operatives is developing its propaganda concretely, in favour of co-operative grain elevators. I hope to be able at the next opportunity to describe to co-operators all over the world through the medium of the *Year Book of Agricultural Co-operation*, the progress of this new movement which is further intended to promote direct relations between producers' and consumers' co-operative federations. International action toward this end, with the object of protecting the legitimate interests of producers as well as consumers, should in our opinion be undertaken by the International Institute of Agriculture, Rome, created for the purpose of defending the agricultural interests of the whole world.

# JAPAN

BY

K. SENGOKU, *General Secretary of the Central Union of Co-operative Societies*

## JAPANESE AGRICULTURE.

BEFORE the Meiji Restoration (1869), the Japanese farmer led a very poor and miserable life, under the oppression of the feudal Government. The Meiji Restoration brought into being two classes of farmers, those who possess land and bear taxation, and the others who rent land and pay a part of the raised crops as ground rent. The area of land under cultivation in Japan proper, is 6,401,927 cho (one cho is nearly equal to one hectare), being less than 16 per cent. of the total area of the country. Of the territories, Formosa shows 21 per cent. cultivated and Korea 19½ per cent.

The total number of farmers' families is estimated at 5,590,764, which is 47 per cent. of all families of Japan proper. Korea and Formosa show a much larger percentage than this. From the management point of view, 3,283,354 cho belong to peasant proprietors, and 3,118,672 cho are worked by tenant farmers. The tenant areas per farm family may be classified as follows: 34.4 per cent. cultivate an area of less than 5 tan (one tan equals one-tenth cho), 34 per cent. over 5 tan, 3.8 per cent. over 10 tan, 5.6 per cent. over 2 cho, 2.3 per cent. over 3 cho, and only 1.2 per cent. over 5 cho. Agricultural land is owned by farmers in proportions as follows: 49.8 per cent. of the landowners possess less than 5 tan, 24.8 per cent. over 5 tan, 17.7 per cent. over 10 tan, 4.4 per cent. over 3 cho, 2.2 per cent. over 5 cho, 0.9

per cent. over 10 cho, and 0.08 per cent. over 50 cho. There exist no such large estates as were in Russia before the Revolution and are still seen to-day in the other European countries. The average area of cultivation of all farms is only 11 tan, an exceedingly small area compared with those of Europeans. About 35 per cent. of all Japanese farmers cultivate less than 5 tan, and the other 34 per cent. between 5 tan and 1 cho. Thus nearly 70 per cent. of our farmers cultivate less than 1 cho of land, while only 1 per cent. of Japanese farmers manage more than 5 cho.

Owing to these facts, agriculture in this country must necessarily be of the middle or small scale farming, and the method of cultivation must be intensive. But intensive culture is not well developed, drawing mainly upon the family labour as in the feudal days. There are coming into being agricultural labourers, but these being still very small in number and their standard of living being very low, they have as yet no significance in the co-operative movement of the country.

The most important crop in our agricultural products is rice and its area is estimated at about 3.1 million cho. Next in importance comes barley, about 1.5 million cho. Mulberry plantation is also important and its total area reaches to 700,000 cho.

The economic crisis which started in September, 1929, touched our farmers mercilessly, bringing about a great fall in the market price of their produce. The table shows how rice and raw silk were affected.

Years.		
	<i>Rice.</i> (Yen per koku.)	<i>Cocoon</i> (spring season). (Yen per kan.)
1926.	38.44	9.28
1929.	29.19	7.57
1930.	27.34	3.98
1931.	17.86	2.60

(Koku = 4.96 bushels; Kan = 8.28 pounds.)

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The following table shows how the values of agricultural products were affected.

	1927. (million yen.)	1929. (million yen.)	1930. (million yen.)
Rice . . . . .	1,764	1,585	1,103
Cocoon . . . . .	497	655	304
Wheat and barley . . . . .	275	271	203
Other food crops . . . . .	228	199	141
Vegetables and flowers . . . . .	248	255	140
Industrial crops . . . . .	111	110	83
Other produce . . . . .	137	142	100
Total . . . . .	<u>3,260</u>	<u>3,217</u>	<u>2,074</u>

From these tables we can see how severely our farmers are suffering from the economic distress. The total agricultural produce of Japan proper is estimated at 4,400 million yen in value, while the total products of manufacturing industry come to about 7,300 million yen.

### ORGANISATION OF CO-OPERATION

The co-operative movement in Japan has made a great advance since the promulgation of the Co-operative Law in Meiji 33 (1900). There are four kinds of societies, namely, Credit Society, Sale Society, Purchase Society, and Utility Society. Societies organise themselves in divisional and national federations. For the promotion of close relationship among all co-operative societies, there is a Central Union which has its branch offices in each prefecture in Japan. Of the 14,163 affiliated societies in existence at the end of 1931,\* reports have been available from 13,037

\* Of this total, 11,069 societies have dual or more purposes; 2,135 are for credit only; 330 for sale only; 325 for purchase only; 304 for utility only.

societies. These societies have 4,843,923 members; 311,711 thousand yen of subscribed share capital; 235,328 thousand yen of paid-up capital; 119,230 thousand yen of reserve funds; 263,254 thousand yen of loans contracted; 1,063,344 thousand yen of deposits; and their circulating capital reaches 1,681,156 thousand yen.

There are 164 federations of a local nature engaged in various kinds of business. The total number of societies affiliated to these local federations is 21,870, their share capital paid up is 20,174,351 yen; reserve funds, 4,614,560 yen; loans contracted, 55,072,615 yen; deposits, 144,597 thousand yen; and profits, 1,101,754 yen.

Notwithstanding the present world crisis, our co-operatives are making a steadfast development, with very little adverse effect in the form of a small decrease in their savings. On the other hand, the work and enterprises of federations are very much increased. From these facts, we can safely say that our co-operative movement as a whole has made a satisfactory advance in spite of this economic depression.

Of all societies only 400 are urban credit societies and urban purchasing societies, and the rest are mostly farmers' co-operatives. The total number of farm families joined in these societies is estimated at 3,319,155, which is 59.5 per cent. of all the farm families of the country.

### THE CREDIT SOCIETY

This past year, a number of small country banks became bankrupt. This led the agriculturists, who were depositors of the banks, to suffer great loss, and their economic lives were seriously depressed. Moreover, some of the co-operative credit societies, too, who kept a certain amount of deposits in such banks, sustained considerable damage. In Nagano prefecture,



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for instance, the deposits of the co-operative societies, which amounted to more than 7 million yen, were almost uncollectable on account of the insolvency of a country bank, the Shinano Ginko. In other districts, although not as serious as this, still a certain amount of damage was done.

Through these events, the agriculturists throughout the country have come to recognise more positively than ever that small banks are unreliable, and that it is more advantageous and safe to resort to the co-operative societies and their systems.

Some of the statistics of the credit societies follow, as on March 31, 1931.

### Number of reporting Societies (including the Urban

Credit Societies)	11,449
Membership of the societies . . . . .	3,861,078
Share capital paid up . . . . .	202,866,334 yen.
Reserve funds . . . . .	104,255,478 "
Loans contracted . . . . .	203,149,196 "
Surplus . . . . .	16,568,013 "
Loans granted . . . . .	988,788,696 "
Saving deposits . . . . .	1,084,266,138 "

At the end of 1930, the number of federations carrying on credit transactions were 65 in all, and these organisations had saving deposits amounting to 145,396,481 yen and loans of 89,753,811.

Sangyokumiai Chuokinko (the Central Bank of Co-operative Societies Limited) serves as the central organ of the financial circle of co-operative societies and federations. The share capital of this bank amounts to 30,700,000 yen (including 15 million yen subscribed by the Government) and is already repaid for the most part. On March 31, 1930, the total amount of its outstanding loans was 81,029,728 yen, and saving deposits amounted to 43,383,835 yen. The number of its affiliated societies and federations was 11,363.

## CO-OPERATIVE SALE OF PRODUCE

As above mentioned, in the process of the agricultural crisis, all the farmers felt severe difficulties in their economical life, due to the heavy price fall of their products. Their living expenses were not reduced, fall in the price of the industrial products being prevented by the powerful organisation of the trusts and cartels. At the end of the year 1930, the new Cabinet organised by the political party Seyu, again prohibited the export of gold. Consequently, the price of all goods and materials in Japan suddenly went up. The rise of prices was from 15 to 20 per cent. in capitalist productions, while the price of agricultural products rose only 5 per cent. In such circumstances, the co-operative sale societies had to strengthen themselves and endeavour to sell agricultural products at better prices, the shortest way for the farmers to get out of their difficulties.

Some statistics of co-operation for the sale of agricultural products follow as on March 3, 1931.

Number of reporting Societies.	7,760
Membership	2,845,490
Share capital paid up	107,606,594 yen.
Reserve funds	64,757,738 "
Loans received	136,384,160 "
Surplus (profits)	4,626,496 "
Turnover (for 3,774 active societies)	192,466,856 "

Some details of the turnover are as follows :

	yen.
Rice	59,000,690
Wheat and barley	2,602,465
Miscellaneous grains and beans	2,700,271
Cocoons	24,564,210
Fruits and vegetables	7,993,435
Raw silk	53,629,119
Animal products	7,221,107
Drapery	12,493,613

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For the sale of agricultural products, there are many local federations and two national federations. One of these national federations is the Japan Raw-Silk Marketing Federation Limited; another is the National Federation for the Sale and Purchase of Rice-Grain Limited.

### (A) *Local Federations (March, 1932).*

Number of federations reporting	.	.	.	.	.	105
Number of affiliated societies	.	.	.	.	.	7,526
Total turnover.	.	.	.	.	.	78,795,522 yen.

### (B) *Dainippon Kiito Hanbai Kumiai Rengokai (Japan Raw-Silk Marketing Co-operative Federation Limited).*

This national federation was organised in March, 1927, to help the farmers who have been under the oppressions of capitalist filaturists. It was constituted with many rural societies and their federations, which are engaged in the raw silk industry. By this organisation, the sale of raw silk produced by farmers became a direct transaction between themselves and the big combines in Yokohama, without any intermediaries. This organisation will be in a position to export direct in the near future.

The following table shows the situation of the Japan Raw-Silk Marketing Federation in June, 1931 :

Number of affiliated federations and societies (89 per cent. of raw-silk societies)	.	.	.	.	.	70
Amount of share capital	.	.	.	.	.	303,000 yen.
Share capital paid up	.	.	.	.	.	174,323 „
Sales	.	.	.	.	.	14,472,711 „

### (C) *Zenkoku Beikoku Hanbaikobai Kumiai Rengokai (The National Federations for the Sale and Purchase of Rice-Grain, Limited).*

For the purpose of controlling rice marketing, the Zenkoku Beikoku Hanbaikobai Kumiai Rengokai was established in May, 1931. This federation was organised by the several prefectural

co-operative federations for grain marketing. Following is an outline of its business activities as on July, 1932.

Number of affiliated federations	.	.	.	.	.	49
Share capital	.	.	.	.	.	246,500 yen.
Share capital paid up	.	.	.	.	.	49,300 "
Amount of turnover (September, 1931, to July, 1932):						
(1) Rice (2,592,897 hyo)	.	.	.	.	.	20,799,536 "
(2) Wheat (46,567 hyo)	.	.	.	.	.	216,294 "
(One hyo equals about 58 Kg.)						

### THE PURCHASE OF REQUISITES

Co-operative Purchase Societies in the rural districts are now making a rapid development. On the contrary, in the urban centres, as a result of competition of department stores and private traders, consumers' co-operation is not making rapid progress. Most farm requisites, above all manures, are now purchased through the rural co-operative societies.

The Japan Co-operative Wholesale Society Limited (Zenkoku Kobai-kumiai Rengokai), established in 1923, increased the amount of share capital from 700,000 yen to 5 million yen in the years 1931-32. Government assistance was promised for improvement in the supply of manures, the most important article for the wholesale society. The J.C.W.S. is the only organ for the policy of the Government concerning the supply of fertilisers; various articles of daily use also are gradually increasing.

Some statistics of the co-operative purchase societies are shown in the following table, March, 1931:

Societies reporting	.	.	.	.	9,576
Number of members	.	.	.	.	3,152,016
Share capital paid up	.	.	.	.	120,244,675 yen.
Reserves	.	.	.	.	74,664,944 "
Loans received	.	.	.	.	140,623,264 "
Surplus	.	.	.	.	8,060,205 "

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Statistics of trade of the co-operative societies for the purchase of requisites in 1931.

	<i>yen.</i>
Commodities necessary for carrying on the industry (1) . . . . .	76,870,499
Commodities for daily consumption (2) . . . . .	61,681,428
Commodities common to (1) and (2) . . . . .	1,605,452
Total . . . . .	<u>140,157,379</u>

The chief commodities and trade of the co-operative purchase societies are as follows :

	<i>yen.</i>
Manure . . . . .	55,388,002
Agricultural and sericultural implements . . . . .	808,942
Materials for agricultural production . . . . .	682,892
Fuel . . . . .	3,211,962
Fodder . . . . .	2,903,924

The following also were dealt with through the co-operative agricultural societies.

	<i>yen.</i>
Rice . . . . .	16,319,347
Cereals . . . . .	1,134,339
Shoyu (Japanese sauce) . . . . .	2,166,336
Sugar . . . . .	3,240,702
Sake (Japanese wine) . . . . .	9,137,263
Textile fabrics . . . . .	2,940,534
Foot-gear (clogs) . . . . .	1,358,271
Implements . . . . .	926,337

## (A) *National Federation.*

The Japan Co-operative Wholesale Society (Zenkoku Kobai-kumiai Rengokai) statistics for June, 1931 :

# JAPAN

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Number of affiliated societies and local federations . . . . .	4,744
Share capital . . . . .	3,759,500 yen.
Paid up capital . . . . .	1,211,237 „
Reserve funds . . . . .	209,186 „
Loan received . . . . .	1,048,641
Amount of turnover :	
Manure . . . . .	12,761,861 „
Implements . . . . .	1,362,571 „
Total . . . . .	<u>14,124,432 „</u>

## (B) Local Federations.

Number of federations reporting . . . . .	108
„ „ affiliated societies . . . . .	8,562
Amount of purchases . . . . .	21,835,058 yen.

## THE CO-OPERATIVE UTILITY SOCIETY

The objects of the co-operative utility societies are to allow the members (chiefly farmers) to utilise machinery, implements, establishment and land, which individually they cannot obtain.

The present methods of agricultural production in Japan are still primitive and, so far, no great development has been made. The co-operative use of machinery in the process of productions is also little advanced. We find, however, a certain amount of development in the case of harvesting or manufacturing of the agricultural products, and in the field of consumption, utilisation of machinery and establishments have gradually become common.

Some of the activities of the utility societies may be indicated. Machines for hulling of rice grain, and for the crushing and mixing of purchased manure, are owned by the co-operative societies. Horse-wagons and motor-cars are provided for the transportation of farm products. A cocoon drying factory whose capacity is the whole amount of cocoon production in one county, has been

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established by a certain utility society. Special kinds of utility societies are being established gradually, for example to develop hospitals and waterworks.

The main statistical figures of the co-operative utility societies are shown in the following table for March, 1931 :

Number of utility societies reporting.	. . . . .	5,073
„ „ members . . . . .	. . . . .	1,998,105
Amount of paid up capital . . . . .	. . . . .	81,571,389 yen.
„ „ surplus . . . . .	. . . . .	3,153,120 „
„ „ rents received. . . . .	. . . . .	5,727,532 „
Including : rent for :		
Land . . . . .	. . . . .	272,799 „
Threshing machine . . . . .	. . . . .	182,629 „
Manure-crashing machine . . . . .	. . . . .	95,291 „
Cocoon drying factory . . . . .	. . . . .	840,122 „
Rice- and barley-cleaning machine . . . . .	. . . . .	122,893 „
Miscellaneous implements for silk-worm breeding	. . . . .	93,966 „
Establishment for raw silk industry . . . . .	. . . . .	352,123 „
Motors . . . . .	. . . . .	18,484 „

There is no federation of the co-operative utility societies.

### AGRICULTURAL WAREHOUSING

All forms of agricultural warehousing and processing are carried on by co-operative societies, not only the preserving of cereals, cocoons produced by farmers, and other goods admitted by decree laws, but also the processes for the improvement and grading of agricultural products deposited, and preparation of them for marketing. The agricultural warehouse also acts as an intermediary in the sale of farm produce, and grants loans on guarantee of the certificates on the deposited goods. Through the agricultural warehouse, agriculturists sell their goods in the best conditions, controlling the supply and demand of goods on the market by bulk sales.

The following figures are the quantity of rice and cocoon, received and drawn out in 1931 :

<i>Goods.</i>	<i>Amount at the end of last year.</i>	<i>Amount received.</i>	<i>Amount drawn out.</i>	<i>Amount at the end of this year.</i>
Rice .	2,692,775 sacks	17,238,056 sacks	15,697,404 sacks	4,233,416 sacks
Cocoon.	970,618 kan	6,583,254 kan	6,231,622 kan	1,322,250 kan

Number of agricultural warehouses . . .	2,894
Number managed by Co-operative Societies . .	2,812
Number of warehouse buildings . . .	5,345

#### A FIVE-YEAR PLAN

At the 26th National Congress of Co-operative Societies in Japan, which took place in April, 1930, an important program for the Control of Rural Economy passed with a complete agreement of 3,500 delegates. Its main articles were "The Control of Manure Distribution", "Marketing of Rice and Grain" and "Distribution of Requisites", to be undertaken by the co-operative societies. This Congress also determined other programs to be carried on by the co-operative societies and federations, and also a program of research and information for the co-operative movement.

Many important problems were discussed at the 27th National Congress of co-operative societies in Japan, in April, 1931, and among them the most important problem was concerning the agriculturists' debts. These amount to 5,000 million yen, and the co-operative society is the only supporter of the agriculturists able to help them in this difficulty. Many opinions were presented at the Congress, and a decision was adopted as follows : Societies are to appoint an adjustment committee for the investigation of the liabilities of their members ; the Government and the Central Bank of Co-operative Societies are to grant loans, with the lowest



possible interest, to enable members to convert their high interest loans into lower ones, and to put forth their efforts in developing their proper livelihood and business, also to increase their incomes by simplifying the marketing of the agricultural products.

In the midst of the severe economic crisis, many important resolutions were passed by the 28th National Congress of Co-operative Societies, held at Osaka in May, 1932.

The most important decision was that taken on the general rules of a Five-Year Plan for Co-operative Development, unanimously adopted, which is expected to accomplish three main programs of Co-operative Organisation, Management and Education, in yearly instalments. Under these circumstances, the Japanese government approved the principle of the relief of agriculture by its own powers and approved the Five-Year Plan designed by the Central Union of the Co-operative Societies. The Government is now considering how to help promote this scheme in co-operation with the Central Union.

CHINA  
THE C.I.F.R.C. CREDIT SOCIETIES

BY

Y. S. DJANG, *Executive Secretary, China International Famine Relief Commission*

As anticipated,\* co-operation extended into three new areas in the Yangtze valley in 1932, as a direct consequence of the extensive flood relief program executed by the National Government. "Farm relief" for rehabilitation of agriculture following the serious inundation of the Yangtze valley, was distributed alongside with other forms of relief benefits in the affected provinces. Three of these, namely, Kiangsi, Anhwei and Hunan, were assigned to the China International Famine Relief Commission. In the first-named two provinces, the C.I.F.R.C. assumed the cost of administration. In Hunan, National Government funds met them.

The plan as subsequently perfected called for distribution in time for spring planting of some 23,000 tons of wheat (or its equivalent in flour or cash) among the affected small farmers who must be helped, otherwise planting would be indefinitely delayed. This wheat, valued at about \$75 a ton, is to be paid for with nominal interest in one to five years. The returned proceeds would then be devoted to co-operative enterprises in these localities. Thus for the furtherance of the movement in these new areas, a total initial capital of about \$1,750,000 is assured provided the loans now outstanding are all collected when due.

\* See this *Year Book*, 1932 edition, p. 396.

Mutual Aid Societies of farmers were formed in villages in need of help before loans were granted. These societies received loans from the C.I.F.R.C. and individual farmers borrowed from the societies to which they belong as members. These societies, being formed primarily for the distribution of farm relief, were of necessity organised without much preparation and training. Some fundamental principles were, however, diligently observed, making these societies strikingly resemble credit co-ops. in their organisation and management. The idea was to shape them so that the conversion, at a later date, into co-ops. will be easy. Organised into groups, the farmers are easily reached by literature and other educational efforts. Through actual practice they learn the rudiments of co-operation. At the time of this writing, plans for extensive training—to reach 2,000 officials of different mutual aid societies in Kiangsi and Anhwei—have been perfected, calling for a continued period of training extending from November, 1932, to February, 1933. The subjects to be dealt with in the course will be those which are essential to the efficient management of village societies, covering much the same ground as those embodied in the first and subsequent training courses given by the C.I.F.R.C. in the province of Hopei since 1925. Following this, efforts will then be made to re-organise some of the existing mutual aid societies into co-operatives in accordance with the new national co-operative code.

Besides the capital provided in the original instance by the National Government, in Kiangsi, provincial authorities have deemed it wise to increase the capital fund by \$150,000 appropriated out of the provincial coffer with a view to enabling the movement to reach the people of a part of that province recently recovered from the communists.

The work in Hunan had a late start—was not undertaken by the C.I.F.R.C. till August. Statistical information for this province is not yet available.

On September 24, 1932, there had been organised in Kiangsi and Anhwei provinces, 3,274 mutual aid societies with a total membership of 174,238. The total sum of loans granted to these societies amounted to \$1,005,178 in 3,149 loans. Of this, three loans amounting to \$1,080 have been repaid and nine loans amounting to \$2,989 were due and being collected.

It is confidently expected that 1933 will witness a substantial growth of the co-operative movement in these three provinces opened up to it through relief measures undertaken by the C.I.F.R.C., this time acting as agent of the National Government.

The C.I.F.R.C. continued its effort in Hopei, while its activities extended in the Yangtze valley. Owing to the fact that to carry out the work in the new area, the energy of the administrative personnel had to be diverted, and that the societies were engaged in effecting their registration under the new law, co-operation in Hopei did not show as much progress as was expected in 1932. Indeed, numerically, there was evident an appreciable setback. On the other hand, a few healthy signs are distinctly discernible. The interest, hinted previously,\* taken by a commercial bank has been growing. A well-known and strong institution has not only kept its interest in agricultural investment but increased its participation in financial advances to agriculture through the medium of the C.I.F.R.C. The amount actually involved is not large—only \$50,000, but the fact that bank money, itself originating largely from agriculture, has begun to flow back, is most significant and is generally taken as a hopeful sign.

The policy followed at present is for the C.I.F.R.C. to allow itself to be the introducer between the farmer and the banker. The latter extends loans to the former by subscribing a definite portion of a certain type of loans granted by the C.I.F.R.C. to the co-ops. As the standing of the borrowing society becomes higher, the portion underwritten by the bank increases in amount.

\* See this *Year Book*, 1932 edition, p. 404.

The C.I.F.R.C. undertakes questionable risks, if any, and alone accommodates the societies whose credit has not been put to a test. The bank assumes larger shares of loans granted to old societies whose record shows them to be good risks, varying from 40 per cent. to 90 per cent. in the total amount of the individual loans.

The societies in Hopei contributed the services of twenty-eight workers in the Yangtze work—serving in subordinate capacities in the administration of farm relief and organisation of mutual aid societies. These services done by farmers of one locality for their fellow-farmers in another, are highly valuable, and this value will be more clearly evident when the “mutual aids” are to be converted into co-ops.

In spite of the slow numerical growth, co-operation in Hopei has grown in strength during 1932. On the part of the C.I.F.R.C. routine functions had not been neglected. The annual training course was well attended. Two workers were sent to receive special training in a special course organised in Nanking by the China Co-operators' Union. Preparation for starting co-operative marketing was made and, available personnel permitting, will be instituted in 1933, thus widening the scope of the co-operatives and incidentally increasing their practical usefulness to the communities in which they exist. An attempt is now being made to regulate the rate of interest so as to make the credit co-ops. better able to receive local deposits and enjoy advances available from the commercial banks.

In various other ways C.I.F.R.C. continued to carry on the “nursery work” in Hopei. Technique so developed and experiences so gained then become available for wider application in other areas either under its own auspices or by the governmental, social and educational agencies in the land.

## SOCIETIES IN HOPEI

<i>End of Year.</i>		1925.	1929.	1930.	1931.	
No. of Hsien . . .		24	61	68	67	
<i>Number of Societies.</i>	Recognised . .	44	246	277	273	
	Not Recognised .	56	572	669	630	
	Total . . . .	100	818	946	903	
<i>Their Total Membership.</i>	Recognised . .	1,270	7,862	8,788	8,903	
	Not Recognised .	1,062	14,072	16,939	16,730	
	Total . . . .	2,332	21,934	25,727	25,633	
<i>Membership Shares.</i>	<i>No. of Shares.</i>	Recognised . .	1,367	9,160	8,812	10,510
		Not Recognised .	733	13,164	15,832	15,376
		Total . . . .	2,100	22,324	24,644	25,886
	<i>Amount.</i>	Recognised . .	2,281	14,703	17,193	17,699
		Not Recognised .	1,242	20,984	28,554	28,158
		Total . . . .	3,523	35,687	45,748	45,858
	<i>Local Receipts among Recognised Societies.</i>	Savings . . .	121	3,464	7,745	11,455
		Deposits . . .	169	2,519	4,546	8,777
		Reserves . . .	42	898	1,506	1,958
<i>C.I.F.R.C. Loan to Recognised Societies.</i>	Year . . . .	7,160	33,040	49,859	59,834	
	Total to date .	10,450	122,414	172,273	232,107	
<i>Total Capital of all Societies.</i>	Annual . . .	10,281	45,277	66,835	68,336	
	Total . . . .	14,306	164,984	231,820	300,156	

## THE CHINA CO-OPERATORS' UNION

The following notes on other local developments in China have been received from Mr. Wang Shih-ying of the China Co-operators' Union :

1. *Kiangsu*.—Farm Loan Bank, 1927 ; Training School for Co-operative Instructors, May, 1928, by Bureau of Agriculture and Manufacture (now Bureau of Industries) ; Co-operation Directors' Commission, July, 1928 ; Co-operation Directing Branches, eight in all to North and South of the Yangtze River, October, 1928.

Later owing to insufficient funds, the Directors' Commission was reduced to Project Commission, Co-operation Directing Branches were reduced to District Directing Offices or District Directors.

Kiangsu leads all Provinces in the variety and scope of co-operative activities as it is the rendezvous of experts and is financed by the Kiangsu Farm Loan Bank. But there are defects ; power divided as to directing and loan-granting, quantity before quality, distribution uneven. Generally speaking, there is great hope before it.

2. *Chekiang*.—Some reasonable foundation has been laid down through the efforts of the constructive authorities. But quantity is still behind, nor quality generally perfect. Reasons are to be found in the ephemeral duration of posts held by responsible workers and the lack of a farm loan bank.

3. *Hopeh*.—Works well directed ; hopes great ; history long. But under social bodies and public organisations and not supported by the Provincial Government. Recently some encouragement and direction came from government, but changes have been too many as the Provincial Government has been too frequently re-organised.

4. *Other Provinces*.—The Shantung Co-operative Directors'

Commission, 1929, by the Shangtung Bureau of Agriculture and Mining (now Bureau of Industries). Training School graduates have been sent to various districts and municipalities as directing workers. The Shangtung Rural Co-operative Investigation Institute established, subordinate to the Provincial Government, with a view to studying rural self-government and all constructive problems and providing such experts as needed. From its prospectus and general organisation plan we can see how much stress it lays upon the building-up of co-operative foundations.

As to Kiangsi, Hopeh, Hunan, Anhwei, Kwangtung, Fukien, Yunan, Shensi, Szechuen, Honan, Nanking, Shanghai, Hankow, etc., co-operative provision is universally available, though in early stages of development.



## NEW BOOKS AND SURVEYS

*World Economic Survey, 1931-32.* League of Nations.

*The Agricultural Crisis.* Vol. II. League of Nations Economic Committee.

*Pax Ceveris.* Cesare Longobardi.

*La Coopération Agricole.* Vol. I. Institut Internationale d'Agriculture.

*Agricultural Credit.* Alexander J. Boyazoglu. P. S. King & Son.

15s.

*The Pinch of Plenty :* "The World Agrarian Crisis." Ann Berkelback and D. G. Hutton. Sidgwick & Jackson.

*The World Economic Survey, 1931-32*, was prepared in response to a resolution of the Assembly of the League of Nations in 1929, requesting the Council to arrange "for the preparation in the near future of a comprehensive annual survey of economic developments." As the first of the series, the present volume opens with a review of the post-War period and the elements of instability latent in world economy, before passing to a narrative of the financial crisis of the year under review and the conditions of production and trade that underlay it. Of agriculture the survey notes that "the purchasing power of the farming communities has greatly declined . . . but agricultural production is maintained and, in many cases, even increased." A diagram shows annual production accompanied by the steady accumulation of stocks, but "it would be hazardous at the present moment to conclude that widespread curtailment of production was essential to relief of depression in agriculture." The *Survey* makes no attempt to suggest solutions or prophesy future events. Its value lies in the material brought together and clearly arranged in one volume, providing the background against which contem-

porary activities in any field of production or marketing may be judged.

The first volume of another League of Nations survey—that on *The Agricultural Crisis*, was reviewed in the *Year Book* of 1932. The second volume, since issued, completes the panorama of agriculture in various countries, with essays on Canada, China, Columbia, Egypt, Portugal, Turkey and the U.S.S.R. In a later section an attempt is made to demonstrate, mainly by use of statistics, the price spread between producer and consumer. Material has been received from ten European countries (not including Great Britain) and from the U.S.A. Though of considerable value, the material tends to be fragmentary and is not always comparable from country to country. It suggests, however, an important line of research, and such indications as it affords should be well studied by co-operators. “The general impression made by the reports is that the margins between the price received by the producer and those paid by the consumer have been greater in recent years than before the War.” “It is very difficult to express an opinion as to whether an increase in the middleman’s margin, where it exists, is justified by an increase in working expenses.” This is a question to which only the co-operative societies can supply an effective answer.

The International Institute of Agriculture has published the first volume of a new survey, *La Coopération Agricole*, intended to succeed those issued between 1911 and 1922 and to record the changes which have since taken place. The countries covered in the first volume are Germany, Belgium, Denmark, Ireland, France, Great Britain, Hungary, Italy, Holland, Switzerland and Czechoslovakia. Particulars of the movement in Great Britain and Ireland have been drawn very largely from the publications of the Horace Plunkett Foundation. As most of the information does not refer to a later period than 1929, certain developments, such as the outcome of centralised selling in the Irish creamery

industry, are not included. The essays do not in most cases offer, and probably are not intended to offer, any original reflections on the development of co-operation in individual countries; they are, however, useful summaries of events and institutions, which when the other volumes appear, should provide a convenient record of co-operation in the past decade.

In *Pax Cerevis*, Dr. Longobardi gives a short account of the foundation of the International Institute of Agriculture and of its work during a quarter of a century. The story of that impetuous enthusiast, David Lubin, is retold and is followed by a quotation from the Convention establishing the Institute and an account of the present constitution and method of allocating work and authority in what is rightly described as "an unique institution."

Dr. Boyazoglu's study of *Agricultural Credit* was undertaken for an immediate object, namely to provide "an objective scientific opinion" on the problems confronting Greek agriculturists and especially those responsible for the administration of the Agricultural Bank of Greece, established at the end of 1927. The book, however, is much more than national in scope. It is an examination of the general principles of agricultural credit and the institutions which have been formed to provide it. There is a curious absence of reference to trading credit, the actual importance of which the author does not appear to have realised. There is a section on co-operative credit, but though the Raffeisen method has obviously been studied, the importance of the distinction between productive and unproductive loans seems to have been missed. In recommending a system for adoption, the author favours a central public utility organisation, seeking with state aid to build up local co-operative credit banks, though he admits that co-operative organisation "from the bottom" is the ideal. A final chapter deals with the possibilities of international agricultural credit.

*The Pinch of Plenty* is a sensible and simply written account of the world agrarian crisis and the chain of events which have led up to it. It does not pretend to offer much that is new to those who have made a long study of economics, but it is well adapted to members of co-operative classes and others needing a concise and readily intelligible introduction to the subject.

*Report on Agricultural Economics issued by the Ministry of Agriculture and Fisheries.* Published by H.M. Stationery Office. 6d.

No. 30. Marketing of Dairy Produce. Part II, Butter and Cream. *Agricultural Co-operation in Scotland and Wales.* The Horace Plunkett Foundation. Routledge. 7s. 6d.

*Empire Marketing Board. The Demand for Honey.* 1s.

*Report on a Financial Mission to the Leeward Islands and St. Lucia.* Sir Sydney Armitage-Smith. 2s.

*The Marketing of Northern Ireland Agricultural Produce.* H.M. Stationery Office, Belfast. 2s.

In two previous Orange Books the Ministry of Agriculture have dealt with the marketing of liquid milk and of cheese. They have now continued their survey of the dairying industry with a volume on butter and cream. The manufacture of butter in Great Britain is comparatively little developed. "The pressure of milk supplies may before long force the British dairy industry to exploit that market exclusively." This, however, is only one aspect of the wider problem of organising marketing in the milk industry as a whole. Such developments as the Report indicates must inevitably be away from farm butter making and in the direction of creamery production. Considerable space is devoted to quality control and standardisation both at home and abroad. There is a summary of co-operative methods employed abroad and the Report suggests that "the development of creameries in suitable areas in this country may follow from the rationalisation of milk marketing, and it is certain that the growth of a creamery butter industry on any considerable scale would require

the adoption of quality control measures similar to those in operation elsewhere."

*Agricultural Co-operation in Scotland and Wales* completes the surveys of the British Isles undertaken by the Horace Plunkett Foundation and is uniform with the two preceding surveys of England (1930) and Ireland (1931). A Foreword contributed by the Rt. Hon. Sir John Gilmour, Bart., who was Minister of Agriculture and Fisheries in 1932 and is a son of the first President of the Scottish Agricultural Organisation Society, refers to the possibilities of expansion of the movement, particularly in connection with the Agricultural Marketing Act. "The Act merely provides a basis whereby farmers can organise their industry to secure, in the words of the late Sir Horace Plunkett, Better farming, better business, better living." A chapter giving the history of the Scottish Milk Agency will be of special interest to foreign readers as well as to those at home concerned with the recommendations of the Milk Commission's Report. The chapter on sheep stock clubs, an interesting Scottish version of collective farming, will be fresh information for most students.

The Empire Marketing Board has issued a report on *The Demand for Honey*, material having been derived from enquiries among retailers in London and the North. It is curious to note that as a competitor with jam, honey suffers "from the failure to offer any marked variety of flavour." This can only be due to the unfortunate and all too common practice of blending which destroys such strongly marked flavours as heather, Canadian maple, West Indian or some of the Alpine honeys of the Continent. The Report, while analysing the main sources of honey on the English market, together with the tastes of customers, makes no suggestion for increased sale. It is safe to say that a proper preservation and advertising of the characteristics of the article should be one of the first tasks of the marketing organisation which, in England at least, is so urgently needed.

The Report by the late Sir Sydney Armitage-Smith on a *Financial Mission to the Leeward Islands and St. Lucia* contains a section on agricultural economics in which it is urged that for the peasant farmers of the islands "the ultimate end is agricultural co-operation freed from Government control," although a more or less prolonged period of education will be necessary before the present system of State tutelage can be replaced by self-governing organisation. "This may be begun at once by associating the best of the peasant cultivators . . . first in an observational, then in an advisory capacity, until they reach the stage at which they will be able to take over partially or wholly the burden now resting upon the administration."

The Report on *The Marketing of Agricultural Produce* issued by the Government of Northern Ireland covers some of the ground which in England and Wales has been covered by the Orange Books of the Ministry of Agriculture. It opens with a chapter on existing markets, and here it is interesting to note the general informality as compared with English practice, demonstrated by the number of unregistered markets where no toll is charged or alternatively no services or facilities provided. The different commodities are reviewed separately. In addition to those familiar in England there is the distinctive Northern Irish product of flax. The greater part of the book, however, is devoted to the important livestock trade. The dairy industry is excluded. The following sentences on co-operative marketing indicate interesting possibilities: "It is suggested that in future the Ministry should endeavour to direct co-operative activities toward those commodities which afford the greatest scope for co-operative sale," and that a condition of grants to such bodies as the U.A.O.S. should be the expenditure of a part at least on new societies for co-operative marketing. "A re-examination of the position in regard to co-operative or organised marketing . . . is urgently called for." The Agricultural Marketing Act does not apply to

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Northern Ireland "but an examination of the extent to which the principles underlying the Act can be made applicable to the Six Counties may soon become essential."

*Land and Life*: The Economic National Policy for Agriculture. By Viscount Astor and Keith A. H. Murray. Victor Gollancz, Ltd. 5s.

*Farmers' Glory*. A. G. Street. Faber & Faber, Ltd. 7s. 6d.

*Britain's Trade and Agriculture*. Montague Fordham. George Allen & Unwin, Ltd. 7s. 6d.

*Land and Labour in China*. R. H. Tawney. George Allen & Unwin, Ltd. 7s. 6d.

In the early part of the year considerable attention was attracted by the summary of an economic national policy for agriculture under the title *Land and Life*. Its principal contention was that though wheat growing may be entitled to moderate protection, "British agriculture is essentially based on livestock" and "the increased production of livestock and livestock products and of fruit and vegetables should be the objective of a national policy." Land settlement is advocated. State assistance to farmers should be made conditional on their increasing their efficiency and "re-organising many of their methods of production and distribution." Some of the references to co-operation abroad are misleading. It is only true of a very limited number of countries that co-operation "would have been insignificant had it not been for the policies of the states". Co-operation was not "thrust upon Danish farmers from the cradle to the grave". It is held, nevertheless, that "ten years of depression and adversity have done much to prepare the way for co-operative action" in this country; the Agricultural Marketing Act is approved and approval is given more than once to the policy of mutual trading between producers' and consumers' co-operative organisations.

The same conclusions with regard to the inevitable decline of wheat growing and the certainty of a future based on livestock

are reached in the Epilogue of *Farmers' Glory*, a book which is, in the main, not an economic work but a record of English farming and farm life throughout the present century told with unusual fidelity and charm. The author was brought up to arable and sheep farming, but like many more has changed over almost wholly to dairying. Meat and milk farming, with just enough arable for the production of feed, litter and thatch, is his prescription for profitable farming in the future.

The difference between actual experience and literary generalisation is apparent in *Britain's Trade and Agriculture*. The author skims over a large field of economic life with information, anecdote and theory. His information is not startlingly new—probably even the townsman has noticed that we have “a moist temperate climate”—but his theories are, or rather he has succeeded in folding together an unprecedented flock of theoretical lions and lambs. He wants guaranteed prices and controlled imports, but any attempt on the part of the farmer to guarantee his own prices by co-operative action is sinful, as is shown by the example of the Dane who competes with the English farmer and simultaneously starves some persons unspecified in Denmark. The only person who may safely be allowed to co-operate is the distributor, who must form “Distribution Guilds or non-profit-making Distributive Trusts based on the co-operative principle”. These are to work like the Post Office. State socialism within a Chinese Wall appears to be the simplest definition of the scheme, and England is perhaps hardly the best country to have chosen for such an experiment.

*Land and Labour in China* was originally written by Professor Tawney in the form of a Memorandum prepared for the Conference of the Institute of Pacific Relations, held in Shanghai, November, 1931, later reprinted, with corrections and additions, for the interest of English readers. It deals chiefly with rural problems, methods of cultivation, marketing, land tenure, etc.



In Chapter IV the growth of the agricultural co-operative movement is described and the work of the China International Famine Relief Commission in ameliorating the hardships of the peasants through co-operative credit. The author advocates co-operative marketing of agricultural produce as the most effective remedy for improving rural conditions in peasant countries.

*The Bombay Co-operative Societies Act*, with Rules. K. S. Gupte. Published by the Author. Rs.4.8.

*Co-operation in India*. Edited by H. L. Kaji. All-India Co-operative Institutes Association. Vol. 1.

*The Law of Co-operative Societies in India and Burma*. K. V. Brahma. All-India Co-operative Institutes Association. Vol. 2.

*The Co-operative Movement in India : Its Relation to a Sound National Economy*. Eleanor M. Hough. All-India Co-operative Institutes Association. Vol. 3. P. S. King & Son. 15s.

*Co-operation in India and Abroad*. S. S. Talmaki. Basel Mission Press, Mangalore.

*Principles of Organisation of Agricultural Co-operative Credit Societies in India*. J. P. Misra, United Press, Ltd., Bhagalpur.

*Review of Rural Welfare Activities in India*. C. F. Strickland. Oxford University Press.

The All-India Co-operative Institutes Association has undertaken an admirable piece of work in the publication of a series of studies of the Indian movement in its different aspects. The first, *Co-operation in India*, is a collection of essays by writers of authority in their own departments, brought together under the editorship of Professor Kaji. The tone of the book is given in its first sentence, in which it is said that "co-operation has passed through an initial stage of idealism and prophecy into the subsequent stage of a practical measure." Co-operative finance has naturally been given first place and this section includes not only a discussion of the more familiar machinery of rural credit but also inquiry into the facts and possibilities of urban co-opera-

tive banking. A very interesting section deals with other forms of co-operation, as for example, consolidation of land holdings, housing, irrigation, anti-malarial work, consumers' stores and the marketing of milk. Methods of propaganda and education in the different provinces are carefully noted and compared. A section on General Problems treats largely of the social aspects of the movement and contains a suggestive chapter on the future of women's work in the Indian co-operative movement. The book concludes with a useful directory.

Although the work just discussed contains a chapter on co-operative law, the subject is treated at greater length in the second volume in the series, *The Law of Co-operative Societies in India and Burma*, by K. V. Brahma. This contains a long and detailed explanation of and commentary on the Act of 1912 with references to relevant cases and to the more recent and in some ways more advanced Bombay and Burma Acts. The book appears to have been prepared too early for the inclusion of notes on the Madras Act of 1932. The Bombay Act has also been dealt with at length in a separate work (*The Bombay Co-operative Societies Act, with Rules*, by K. S. Gupte). Both these books are elaborately indexed and serve the purpose of quick reference in cases of legal doubt or difficulty, which in England is met by the handbook issued by the Registrar of Friendly Societies.

The third volume of the new Co-operative Series, *The Co-operative Movement in India: its Relation to a Sound National Economy*, by Dr. Eleanor M. Hough, owes much of its interest not only to the approach indicated in the title but also to the fact that it is one of the few attempts to assess the Indian co-operative movement from an outside standpoint. The author is an American who has spent the greater part of a year in India in the study of the movement against its historical and geographical background. Dr. Hough points out that it "stands or falls by the soundness of the primary societies" but "the best hope of

doing lasting good to the beneficiaries of the movement lies in visualising their problem as a whole and directing the co-operative attack simultaneously on as many points as possible." "Co-operation in India has not worked the miracle its original sponsors hoped for, but it has taken its place, important now and destined beyond a doubt to become far more so, among the constructive forces working for the economic and social regeneration of India and the establishment of a sound national economy." An introduction by Sir Horace Plunkett—the last of his writings—precedes the book.

*Co-operation in India and Abroad*, by S. S. Talmaki, is intended primarily as a text-book for students attending co-operative schools and courses. After a short historical introduction referring both to Europe and India, the material is arranged in sections relating to the different forms of co-operation, European and Indian experiences being in every case placed side by side. Comparison, however, is usually left to the student or his teacher. The book contains a large number of facts conveniently arranged in reasonable compass and is well indexed. *Principles of Organisation of Agricultural Co-operative Credit Societies in India*, by J. P. Misra, is at once narrower in range and closer to daily practice in the Indian movement. It is a short and lucidly written handbook dealing with the duties and problems of the co-operative organiser, whether official or volunteer. It contains some shrewd warnings, "An abstract if earnest desire to found a co-operative society for the sake of being a co-operator is of little value. It is necessary to be satisfied that a number of neighbouring farmers . . . would benefit by having a co-operative society." The book points out that "supervision and after-care" are as necessary as initial propaganda and education, and though credit is its main subject and "thrift is at the bottom of the whole movement" it is made clear that other co-operative activities are necessary if villagers are to increase their incomes and spend

more on "education, sanitation . . . greater happiness and prosperity." A recent pamphlet, *Review of Rural Welfare Activities in India*, by C. F. Strickland, contains references to the work undertaken in this department by some of the provincial co-operative organisations.

*Co-operation in Marketing Dairy Products.* Roland Willey Bartlett. Charles C. Thomas, Publisher.

*Capitalism, Co-operation, Communism.* Andrew J. Kress. Rausdell Inc. \$2.

*History and Theory of Agricultural Credit in the United States.* E. S. Sparks. Thomas Y. Crowell Company.

*Economic Policy for American Agriculture.* Editor, E. A. Duddy. University of Chicago Press.

*Making Farms Pay.* Cornelius J. Claassen. Macmillan Company.

*Agricultural Conference and Farm Board Enquiry.* U.S. Government Printing Office.

*Annual Reports :—*

*The Dairymen's League.*

*California Fruit Growers' Exchange.*

*Jewish Agricultural Society.*

*Palestine, A Decade of Development.* H. Viteles and K. Totah. Annals of the American Academy of Political and Social Science.

It is perhaps an unexpected fact that dairy sales in the U.S.A. exceed in value not only those of any other branch of agriculture but also of any industry. The work of the Dairymen's League of New York and one or two other outstanding co-operatives have long been familiar through reports and monographs to the student of co-operative organisation. In comparison, however, with grain, meat, cotton or fruit, or with the creamery organisations of the old world, American co-operative dairying has received comparatively little attention from writers. In *Co-operation in Marketing Dairy Products*, by R. W. Bartlett, an attempt is made to fill the gap in the array of published information. The issue, however, is rather confused by the inclusion of "co-opera-

tive activities of milk distributors and manufacturers, transportation agencies, consumer-groups and trade associations, as well as producer groups," some of which on any ordinary interpretation of the term are not co-operative at all. In spite of this, the book has much that is valuable and new to report. The dairy industry of America resembles that of Great Britain rather than that of Denmark or Ireland. The large liquid milk trade has resulted in a variety of type in farmers' organisation ranging from those which merely bargain to those which collect, manufacture and market. Both retailing and wholesaling is undertaken and there are federal organisations including agencies dealing both in liquid and manufactured milk. The second half of the book is an enquiry into the basis and working of "price plans" and deserves the attention of those contending with similar problems in Great Britain.

The leading idea of *Capitalism, Co-operation, Communism*, appears to be contained in the sentence, printed in capitals, "Co-operation, then, is the middle ground between the class levelling of Socialism and the driving greed of Capitalism." That co-operation is an alternative to both the systems named would be agreed by many, perhaps by most, but the intrusion of the descriptive phrases indicates an emotional approach to the work of economic definition which is apparent throughout the work. As a sentimental-moral advocacy of co-operation in circles where communism is feared and capitalism has ceased to inspire confidence, the book may have merits which outweigh the looseness of some of its statements, but it contributes few ideas and no facts with which co-operative students are not already familiar.

In the *History and Theory of Agricultural Credit in the United States*, Dr. Sparks covers a very wide field, tracing the development not only of institutions and practices definitely evolved to meet the farmers' need for capital, but also those which have in

some measure served the farmers' purpose although industrial or commercial in origin. Government policy is of considerable interest, especially when compared with that of European countries. As in Europe, it has been linked, in intention at least, with the growth of co-operative institutions, but these have been for the most part not local credit organisations but large-scale federations for commodity marketing, a system which Dr. Sparks is inclined to criticise. He includes a chapter on credit unions but believes that their resources must always be too limited to meet more than a fraction of the credit needs of the American farm. He gives as his conclusions "that rural credit facilities have been greatly improved" and "that the greatest possibilities for future improvement may be accomplished by the elimination of the unsound parts of the existing credit mechanism and in the promotion of wise uses of credit. Government subsidies and cheap credits do not furnish a solution of the American farm problem."

Many Europeans, familiar with the American homestead of literature and tradition, may learn with surprise that there are over two million tenant farms in the United States, most of them in the hands of absentee landlords. The investment, it would appear, is frequently unprofitable, but in *Making Farms Pay*, Mr. Claassen describes a successful experiment in "group farm management" by which owners place the management of their property in the hands of experts who practically carry out the work of a landlord's agent in Great Britain, but with a more minute authority in matters of cropping, stocking and detailed methods of cultivation than is usual in this country.

A Conference on an *Economic Policy for American Agriculture* was held at the University of Chicago in September, 1931. It was attended by economists representing State institutions and universities and the papers delivered have since been published in book form. The conference was an outcome of the growing

agricultural distress. "In the minds of those who attended was a sense of bewilderment at the failure of the various measures which had been directed over the past decade towards the relief of agriculture." It is not suggested that co-operation is one of the measures that have failed, but it is curious that the whole co-operative movement was scarcely mentioned at the conference, and from organisation, which at one time bulked so large in the American program of agricultural improvement, the emphasis has shifted on the one hand to the utilisation of land, and on the other very definitely to the state of the urban and foreign market.

Further light on the agricultural crisis in America and the steps which have been taken in an attempt to relieve it is thrown by the evidence given before the *Agricultural Conference and Farm Board Enquiry* of the United States Senate. Much of this evidence refers to the relations between the Farm Board and the Stabilisation Corporations and is instructive if melancholy reading.

The Annual Report of the Dairymen's League of New York records an increase both in membership and gallonage, and a satisfactory balance sheet although prices have continued low. The Report is preceded by a discussion of the general economic situation and contains instructive maps and charts of the work of the League. The membership of the California Fruit Growers' Exchange has also increased somewhat, but prices have been low and the tonnage turnover was below that of the previous year. The *Jewish Agricultural Society* also reports a year of difficulties, in which "the demand for our service mounted, the means to supply it declined." It is satisfactory to note that existing co-operative organisations have stood the strain well and that new ones are in course of formation.

A recent number of the *Annals* is given up to a study of Palestine candidly and temperately written by authors who have been themselves associated with the developments of the last

ten years. Much naturally deals with the striking experiment in Zionist colonisation ; but the conditions of the Arab population and general problems of politics, economics and inter-racial relations are not neglected. There is a separate chapter on co-operation and the subject is also referred to in that dealing with colonisation.

*Histoire du Magazin de Gros des Coopératives de France*, 1906-1931. Jean Gaumont. Les presses universitaires de France. 5s. 6d.

*Das Recht auf der Rückvergütung und Preisnachzahlung in der Genossenschaft*. Dr. Walter Dubach. Buchdruckerei J. Käch, Luzern.

*Zinssenkung auf dem Kapital und Geldmarkt*. G. Meulenbergh. Reichsverband der deutschen landwirtschaftlichen genossenschaften-Raiffeisen.

*Grundsätzliches und Praktisches zu Organisation des genossenschaftlichen Obst-und.*

*Gemüseabsatzes*. Hans Tenhaeff. Reichsverband der deutschen landwirtschaftlichen Genossenschaften-Raiffeisen.

*Kolkhozniki : Collective Farmers on Themselves*. Co-operative Publishing Society of Foreign Workers in U.S.S.R.

*The Fulfilment of the First Five-Year Plan*. V. M. Molotov. Modern Books, Limited.

*La Cooperativa, Idee e Realtà*. Rosario Labadessa. Cooperativa Ape.

Although we owe so much of the early theory of co-operation to French thinkers, England has always been many years in advance in its practical application. The English C.W.S. had already been in existence for a quarter of a century before the first attempt was made to found a similar body in France. It had many difficulties to meet, not the least being the hostility of the law to co-operative federation. The story of these early struggles is told in M. Gaumont's *History of the Co-operative Wholesale Society of France*. They failed for the time being. There were political dissensions, a multitude of counsels and counsellors, "incertitude, indecision, inertia." But the need continued and the present wholesale society was founded in the



autumn of 1906. Even then it was threatened with a rival, and it was not till 1912, when the political breach in the French movement was finally healed, that the future of the trading centre seemed at last assured. It had a bare two years in which to establish itself before the War subjected it to a test of a very different kind. It emerged with increased trade and much varied experience to meet the sensational fluctuation of prices and money values in the post-War period. These too it survived with the help of a thorough internal re-organisation, and now finds itself, in the words of the author, at the beginning of "a period of expansion and renewal."

Dr. Dubach has produced an important work on the *Law regarding Dividend and Rebates in Co-operative Societies*. Dr. Dubach is a Swiss, but his study is based on the experience not only of his own country but of England, France and Germany. Dividend, by which in this case is meant "dividend on business done", is one of the most important single elements in co-operative practice because it is one which divides it most sharply from the practice of private trade. Consequently an examination of the philosophic basis of dividend, and the distinction between surplus and profit is a welcome and valuable contribution to co-operative thought. It also has a practical value at a time when "the taxation of co-operative profits" has become a political catch-cry in many countries, an aspect of the question which is treated in a detailed supplementary chapter. The author approaches the co-operative movement by way of the consumers' organisations, but he is prepared to apply the same standards and definitions to marketing and credit societies. The introduction of "rebate" into co-operative practice as supplementing or replacing dividend is unfamiliar to English co-operators but is fairly well known on the continent. The obligation of the society to trade only with members is in many countries closely associated with dividend systems, and Dr. Dubach deals not only

with this but with the corresponding obligation of members to deal only with their society. As his observations are confined to four European countries he has not, however, dealt with the modern development of the marketing contract. The book is well documented.

By an emergency decree of December 8, 1931, followed by subsequent orders, the rates of interest on all shares and loans throughout Germany were compulsorily lowered. This measure has had an important though not an identical effect on farmers and their co-operative organisations. The text of the decrees concerned and the relevant decisions and agreements entered into by the Reichsverband (National Union of German Agricultural Co-operatives), have been published by that body in a handbook edited by G. Meulenburgh. Another recent publication of the Reichsverband is a reprint of an earlier work on *Fruit and Vegetable Marketing*, by H. Tenhaeff, expanded and brought up to date. Between 200 and 300 marketing societies handling this type of produce already exist in Germany, and are most numerous in the Rhineland and neighbouring districts, where the abundance of fruit, combined possibly with the readily available examples of Holland, has produced vigorous organisation, sometimes in the specifically Dutch form of a *Veiling* or auction. The book contains samples of marketing contracts and of the information regarding acreage and crops to be furnished by those joining a co-operative society.

Two little books dealing in different ways with the development of collective farms have recently been published in Russia in the English language. Neither pretends to be a scientific account of the experiment but both may be read for the vividness with which they bring certain aspects of its development to the eye of the foreigner. *The Fulfilment of the First Five-Year Plan* is a report of two official speeches. It is not by any means exclusively occupied with collectivisation, but on that subject

contains comments which are candid and illuminating. *Kolkhoz-niki* is a collection of essays by, or possibly in some cases interviews with, peasants actually taking part in collective farms. They have naturally been selected from those approving the scheme. There is an occasional touch of the priggishness of the convert but on the whole they are unmistakably genuine, human and often humorous. Few could fail to read with sympathy that fragment of folk-lore contributed by the miller of 68 beginning, "A long, long time ago a Major-General by the name of Alexis Mashlykin lived in our village," and concluding, "I don't want to die. I'm not letting myself die. There is so much work to do for the collective farm!"

Signor Labadessa, speaking with the authority of high position in the Fascist co-operative hierarchy, gives an historical analysis of the ideas of co-operation, and a chapter on its principles, with which few would disagree. When he deals with its actualities and program he necessarily parts company with the rest of the co-operative world. For, as he makes clear, the only possible conception of the movement in Italy to-day is that of a useful adjunct of the Fascist capitalist system, tempering the wind of profiteering to the shorn consumer, helping the smaller peasants, promoting thrift and social peace. Co-operation, he states, "cannot become an economic system and regime without contradicting itself. The conception of co-operation as the model of an economic system derives from a rationalism from which the modern spirit is far apart." Fascism has stripped co-operation of all such futuristic nonsense and made it fit to fulfil its modest mission, in the best of all possible worlds, as "the most fascist of enterprises."

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AT HOME AND ABROAD

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BY  
MARGARET DIGBY

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## INTRODUCTION TO CO-OPERATIVE LAW

IN almost every country in the world co-operative societies are controlled by legislative provisions, and with very few exceptions these provisions are, in part at least, specially designed to meet the needs and define the characteristics of co-operative organisations. The body of legislation which has so arisen though highly various in character yet shows considerable traces of mutual influence among legislators. It is possible, however, to distinguish five or six main types of legislation originating in different countries, at different periods of co-operative development and directed to different types of co-operative activity.

The earliest is the English or Industrial and Provident Society type, which, applying to industrial consumers' societies and derived from Friendly Society legislation, was adapted for the purpose of trading operations carried on by persons of small resources to whom the Companies Acts were unsuited. It was first drafted in 1852, when the Combination Acts were still not far distant and the theory of co-operation but little developed. Consequently the Act contained neither an adequate enforcement of co-operative practice nor any favour from the State beyond a certain freedom from taxation and a somewhat stricter supervision than was imposed on joint stock companies. This Act was fairly extensively imitated in British Colonies and in some of the United States of America, but in most places outside the country of origin it has been superseded by legislation of other types.

The Central European type of legislation, as exemplified by

the laws of Germany and Austria, though more recent than the English, also dates from the nineteenth century. It was devised to meet the needs partly of consumers but also of credit societies, both urban and rural. It is elaborate and well drafted. It shows for the first time a realisation that the co-operative character of an organisation, apart from its mere existence or its commercial probity, is something which the law should safeguard and enforce. It has formed the model for legislation in a number of European countries, but outside Europe its direct influence is confined to former German colonies.

The Latin type of legislation which may be seen developing from a fairly early date in France and later in Italy, Belgium, the Peninsula, the French Colonies and other countries, including parts of South America, consists in placing co-operative societies primarily under the Commercial or possibly under the Civil Code of the country. In most cases a special section of the Code is devoted to them, and in some cases, but not in all, this is as full and precise as a specific co-operative law. In all these countries, however, the law is supplemented by numerous decrees, usually applying to some special branch of co-operation, and it is often these decrees rather than the principal law which define a society's co-operative characteristics and especially which prescribe its relations with the State, which in Latin countries are usually close and friendly.

These are the main European sources of legislation. The Scandinavian countries, it is interesting to note, combine flourishing co-operative institutions with the absence of any specific law, though co-operative societies are affected by certain negative provisions which tend to direct their practice into what are usually considered correct channels. Holland and Switzerland also have co-operative laws of a character even more elementary than that of the Industrial and Provident Societies Acts.

Outside Europe two important legislative types have emerged. In the first place the Indian Credit Acts, although they owe something to the Industrial and Provident Societies Act on the one hand and to Central European legislation on the other, are definitely original, are well adapted to a particular purpose and have been imitated not only throughout the British Empire where peasant cultivation and peasant indebtedness exists combined with illiteracy and well-organised official services, but also in the tropical empires of other nations, as for instance in the Dutch West Indies.

A recent and very important source of legislative ideas has been the United States, closely followed by some of the British Overseas Dominions. The typical co-operative form of these countries is the large-scale agricultural marketing organisation based on the needs of large farms, single crop cultivation and great distances, and their special contribution has been the marketing contract and ultimately the introduction of compulsory co-operative marketing. At the same time their laws embody most but not all of the results of European experience, while their peculiar features are now beginning to find imitators in Europe.

There are several countries whose legislation cannot be fitted precisely into any of these categories. Japanese law is a combination of Latin and Central European characteristics. Russian law, almost wholly in the form of decrees, contains some original provisions, especially as regards collective farming, though on the whole it differs less from other European types than might have been anticipated. Rumanian law shows a connection with the State which is probably unique in its intimacy.

In all the countries of early co-operative development the practice preceded the law. Governments found themselves confronted with some form of association for economic purposes,



for which the existing law made no adequate provision. In England such associations had actually to be removed from the sphere of criminal law; elsewhere there was nothing to hold them back from becoming a danger to their own members or to the public. Once it was decided that legislation was required, it could deal with the co-operative society in three aspects.

In the first place the society must have corporate existence, and that existence must be officially recorded. This called for a Registrar or other official acting in that capacity who might be exclusively concerned with co-operative societies or with commercial bodies including co-operative societies, with the agricultural administration of the country or with the filing of documents and returns. On registration of the corporate body, it was important to define the liability of its members, whether limited to the amount of the shares held, or with some additional or contingent liability. Further, it was necessary to make provision for the transmission or inheritances of interest or liability in the society. Some form of management must be laid down which would ensure responsible control; and the book-keeping and auditing of the society must be put on a footing which would ensure commercial honesty and the safety of members and creditors. Finally, provision must be made for the dissolution of societies, as well as their federation and amalgamation.

Nearly all these points have equally to be provided for in legislation dealing with companies or commercial societies. Co-operative legislation, however, has a distinctive character which is fairly common throughout the world. It is derived from the idea that the members of co-operative societies, as well as of their committees or boards of management, are persons of comparatively little business experience and that consequently simplicity is essential, combined in many cases with a measure of official control. A case in point is the provision with regard

to the auditing of accounts. Under the Industrial and Provident Society system it is carried out by a duly qualified class of public auditors, whereas the accounts of joint stock companies may be audited by anyone, including their own shareholders. In Central Europe, auditing is a function of the State, usually delegated to federations of co-operative societies, and includes a much more detailed review of the society's affairs than is implied in an English audit; companies, on the other hand, are frequently not compelled to submit to audit at all. In India auditing is carried on by the Registrar and his staff. On the other hand, many formalities concerning the issue of capital and other matters are as far as possible simplified and cheapened.

It is usual to specify the types of business which organisations so constituted may handle. These usually include the supply of domestic and agricultural requirements, the provision of machinery, pedigree stock, etc., the storage, manufacture or sale of members' produce, agricultural or industrial, the provision of credit, licensing, banking and insurance. In some cases the last two are excepted or are surrounded with special conditions.

In the second place there arises the problem of establishing legally the co-operative character of the enterprise. Co-operative theory has crystallised slowly and is almost entirely the outcome of successful practice in some part of the world. Laws passed at different periods reflect the stages of its growth. Nor is it wholly a question of time, for the sympathies of legislators, and to a lesser extent the aims of co-operators, have varied from country to country. The idea of a co-operative society is by this time fairly generally understood but very rarely defined. In some cases a legal definition has been attempted, but nothing very satisfactory has been achieved. Sometimes the method is to enumerate the functions of the society or the actual provisions

which differ from the joint stock model, but occasionally an effort is made to express its intrinsic qualities rather than their formal manifestation. It is usual to begin with the statement that a co-operative society is one "which has as its object the promotion of the economic interest of its members," but in order to distinguish it from a joint stock company, of which the statement is equally true, the definition often proceeds with the question-begging clause, "in accordance with co-operative principles." The definition is carried a little further when for the last phrase is substituted "by means of a common enterprise or one that is based on mutuality." As an alternative, it is possible to state that the object of societies is "the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production." This, however, though a useful statement of principle, is not a complete definition. It has also been said, though not in statutory form, that co-operation is a union of persons and not of capital. The International Co-operative Alliance is at present collecting from all countries material on which an authoritative definition may be based. In the meantime a co-operative society may be described in general terms as an association with economic aims formed by and freely open to persons having needs in common who have an equal voice in its management, make approximately equal contributions to its capital and business and derive proportional services and benefits.

The character is thus safeguarded by certain specific provisions, some of which are found in nearly all co-operative legislation, though one or more are missing in many of the older and some of the newer laws. In some cases they do not form part of the Acts or Codes but are in the form of model rules having the force of law.

1. *Open Membership within the Society's Sphere of Operations.*

—It is generally recognised that it is the essence of co-operation that no one should be excluded from its benefits. Sometimes this end is achieved by stating that capital must be “variable” or “unlimited.” Sometimes the principle is not laid down positively, but failure to observe it entails the loss of some privilege; on the other hand it is not uncommon to specify that the membership of an agricultural society should be limited to agriculturists or even to the producers of some particular commodity. In other Acts (for instance, those of British India) it is definitely stated that membership should be confined to individuals from the same district and of the same tribe, class, caste or occupation.

2. *Approximately equal Contributions to the Capital of the Undertaking.*—It is occasionally laid down that all shareholdings should be the same, but it is more usual to fix a maximum, either absolute (as, for example, £200 in English law) or relative, as for example one-fifth of the total share capital. It may be observed here that in almost every instance co-operative shares remain always at par, any inflation of value being checked by the obligation to issue new shares at par to new members.

3. *Equal Voice in the Affairs of the Society.*—This is perhaps the most important provision of all. It is usually secured by the provision that each member has one vote. Certain laws, including the English, omit this provision, presumably from indifference to co-operative principle. (It is interesting to note that the principle originally prevailed in early joint stock promotion.) Certain others deliberately make an exception allowing certain additional votes (never more than five) to be conferred, usually in proportion to the business done by a member with the society. In these cases it is not infrequently stated that extra votes must not bear any relation to share

holding. In the case of federations, affiliated societies are frequently allowed to vote in proportion to their membership or turnover with the federal society.

4. *Business with Members Only*.—This is one of the more controversial and less constantly observed of the co-operative principles. In the first place it may perhaps be pointed out that in every trading operation there is both a buyer and a seller, and that consequently except in the case of unusually close co-operative linking of producers and consumers, it is unlikely that both parties to the transaction can be members of the society. Even in credit societies, although loans are limited strictly to members, it is usual to accept deposits from non-members. Curiously enough, however, there are countries where the law took no account of this difficulty and a struggle has been required before it could by amendment be made sufficiently elastic. The object of control in the matter is to prevent non-members from enjoying the benefits without contributing to the resources or shouldering the responsibilities of the society, and on the other hand to prevent the society becoming a close corporation profiting from the trade of non-members. Not all countries enforce this provision, and in those that enforce it strictly it is sometimes said, especially among consumers' societies, that inability to trade even temporarily with non-members, makes an increase of membership difficult. On this, as on other points, the law is sometimes negative; as the failure to observe the condition is not illegal but entails loss of privilege.

5. *Obligation of Members to do all their Business with the Society*.—This is generally recognised as a sound co-operative principle, as any business done outside the society is inevitably in competition with it. The law, however, influenced probably by the traditional attitude to monopolies, trusts and "restraint

of trade " has been slow to make it legally enforceable. Most recent laws, however, especially those of overseas countries, include clauses authorising binding contracts with members to do all their business with the society. As a rule such contracts apply to the sale of produce. This provision is elaborated by allowing for liquidated damages in the case of breach of contract, placing the burden of disproof upon the member, giving the society the right to an injunction against threatened breach of contract and making it an offence for a third party to induce a member to break his contract. There are only a few instances of this type of legislation in Europe or Asia, but it is almost universal in the American Continent, Africa and Australia.

6. *Distribution of Surplus in Proportion to Business Done.*—In order to prevent a co-operative society becoming an institution for the reward of capital and consequently a bait to investors rather than an instrument of service, it is almost universally laid down that the interest on share capital and frequently also on deposits, should be fixed. Sometimes, and most wisely, the rate is tied to the bank rate. In others it is fixed at a figure which in the country and at the period of the law's origin appeared moderate interest for the use of small sums. As rates of interest have fluctuated considerably in recent years, this has resulted in certain anomalies, such as the comparatively high rate of 8 per cent. almost universal in the United States law. It is recognised that in the case of all prosperous societies this will leave a considerable unappropriated surplus. In some laws, and with societies of certain types, especially credit or other societies with unlimited liability and in some instances without share capital, it is laid down that no division should take place but that the whole should constitute a reserve fund. In nearly all laws some provision is made for the formation of reserve, usually that a percentage of profits should be set aside for that

purpose, till the reserve itself equals the share capital or a definite proportion thereof. It is usual to state, further, that a certain percentage of profits may be used for educational or charitable purposes, and that bonus may be paid to employees. This, however, still leaves a variable surplus, which according to universally recognised co-operative principle is divided among members in proportion to business done with the society, thus eliminating altogether the element of profit and substituting in the case of marketing societies a higher and in the case of consumers' societies a lower price than the society could safely have adopted at the moment when the transaction in question was actually passing through its hands. In a fairly large number of instances, this practice is legally enforceable, but there are notable exceptions, as for example all the laws of the Industrial and Provident Society type. In some cases provision is made for the use of surplus for some purpose of mutual benefit, or as it is called "socialised dividend." Similar provision is often made for any assets remaining after the dissolution of a society.

Another principle which is sometimes advanced as distinctively co-operative is *Religious and Political Neutrality*. This is undoubtedly enforced in a few European codes, but it can hardly be advanced as a universal principle since several flourishing and economically irreproachable co-operative movements are strongly political or sectarian. *Cash Trading*, also advanced as a co-operative principle, is in fact far from universal and receives very rare mention in co-operative law, though its desirability is generally acknowledged. Of *Voluntary Association* more will be said later.

The above provisions result in so distinctive a form of association and one which, further, is considered to hold out such special guarantees and attractions, that it is usual, though not universal,

to take legal notice of the word "co-operation" and its derivatives, and both to make their use compulsory on all organisations enjoying the benefit of the Act, and to forbid its use under penalty to those not so qualified.

In addition to the two aspects already discussed, the law may approach co-operation from a third point of view. The co-operative system is one which is generally deemed to require and deserve special consideration from the State. It is a method of increasing prosperity which is open to those with little capital, and therefore tends to a rapid increase of social wealth; it is of mutual advantage to all those engaged in it; it provides greater security than the individual enterprise; it can reach a socially more beneficial standard in the conduct of its business, owing to the fact that it is not immediately bound to the realisation of profits as distinct from the creation of wealth; finally, particularly as concerns agriculture, it is a useful channel for the educational influence of the Government on the agriculturist. For these reasons it is frequently regarded by governments in the light of a social service. It is granted legal and fiscal privileges; national credit is placed at its disposal, and special steps are taken to ensure close contact between the movement and Government departments, and to maintain a suitable standard of efficiency and social principle.

Cheap methods of incorporation and a measure of relief from taxation are almost universal. State loans, often through specially constituted banks, are frequent, particularly to credit and agricultural societies, though industrial productive and consumers' societies also benefit in some countries. These loans may be at long, short or medium term, for purposes of re-loan to individual members, or for use in building or equipment or as working capital by co-operative trading bodies. Rates of interest vary, or the loans may be interest-free. The relation of borrow-



ing societies to the State Bank or other source of credit also varies from a considerable measure of tutelage to complete independence. More rarely co-operative societies compete for Government contracts on preferential terms.

In all these cases co-operation remains essentially a voluntary and self-governing movement, but there are cases, notably in the tropical empires of England and France, in the East of Europe and in South America, where government takes a much more active and dominating part. In these countries co-operation was not as a rule a native growth or its spontaneous growth was slow and meagre, and governments, impressed with the success of the movement elsewhere and its applicability to their own conditions, have introduced by law a complete system of co-operation for the realisation of which they look primarily to official initiative and control. Movements of this sort can and do in some instances and in some measure develop into voluntary and largely self-governing movements of the traditional type, but they bear legally a strong impress of their official origin, especially as regards registration, federation and inspection.

From official voluntary co-operation to official compulsory co-operation is a short step. The first instance is probably the nationalisation of the co-operative movement in the early years of the Russian Soviet Government. This experiment, however, was short-lived and unlikely to find immediate imitators. A more widespread movement towards compulsory co-operation has been due to the realisation by governments of the advantages, more especially in agricultural marketing and agricultural insurance, of the co-operative system and their desire to see it universally applied. Compulsory co-operation of a particularly stringent type exists, as applied to insurance and to some extent other purposes, in the French African Colonies. A milder variety, where a preliminary poll of producers is taken and

compulsion is only applied by the will of the majority, exists in regard to marketing in Australia, South Africa, Great Britain and some other countries and has been precipitated not merely by Government, but also by the realisation on the part of existing societies of the wrecking powers of a small minority outside the co-operative movement. It is a matter for discussion whether or not the compulsory principle invalidates the co-operative, and both points of view have been authoritatively urged. It is, however, undoubted that those responsible for "compulsory" legislation intended it merely as an extension of co-operative practice.

Co-operative laws have been passed in 129 states and with their amendments number more than 2,200. These make up an extensive body of legislation, of which perhaps the most striking feature has been the tendency to develop legal provisions, and to make statutory those customs and regulations which, in the earliest Acts, were left to the discretion of the individual society. The methods of organisation and business which have been tested voluntarily and have proved successful, are afterwards, though not necessarily in the same area, laid down as legal obligations. This indicates both the realisation of a need to hold co-operative societies to the most business-like and (even more) to the most co-operative methods, and also the increasing precision to which co-operative theory is attaining.

But the most general and obvious conclusion to be drawn from a study of co-operative legislation is its universal value and applicability, and the fact that this is being realised more and more by governments who are increasingly ready to assist the movement, and, in many cases, to become officially associated with its activities. This process has been most rapid within the last fifteen years, in which a great speeding up of co-operative legislation has taken place, and it is by no means at an end.

Profiting by one another's experience, more and more states are realising the economic and social importance of co-operation, and are taking steps to place it on the most favourable legal basis it is possible to confer.

### NOTE

In the following pages countries have been placed in their alphabetical order but with colonies and other dependencies following the mother country. In each country a short summary of the past and present state of co-operative law is followed by a list of Acts and amendments. The principal or basic Act has been marked with an asterisk. Certain laws, such as those governing state credits, have been included where they have an important effect on the co-operative movement. Laws such as Shop and Factory Acts, which only affect co-operative societies in common with other businesses, have been omitted. In some instances a short note on case law has been added.

# DIGEST OF CO-OPERATIVE LAW

## ALBANIA

THE Agrarian Reform Act of 1930 contains the following provision :

Beneficiaries under the Act must combine in local associations or co-operative societies dealing with credit, the purchase of stock and equipment, the storage of produce, etc. Persons not beneficiaries under the Act may voluntarily join such associations. An Act relating to agricultural credit will be drafted within a year in order to regulate the details of this arrangement.

Agrarian Reform Act—1930.

## ARGENTINA

CO-OPERATIVE organisation of all kinds is regulated by two laws passed in 1926 ; societies had existed previously under the Commercial Code or under special provincial laws. The first prescribes the constitution of societies ; the second deals with loans through the State Bank. The use of the word “ co-operative ” is confined to societies established in accordance with the Act. No restrictions are permitted on the admission of members, the amount of shares and working capital, or the life

of the society. All shares must have the same value, they may only be transferred with the consent of the governing body. Members are entitled to one vote only; proxies may be permitted by rule. Members who withdraw have no personal claim on the property of the society. The management may, at any time, order the withdrawal of capital by those holding the larger shares. Liability is limited. In credit societies the rate of interest on loans is limited to 1 per cent. above the official rate. Interest paid on shares must not exceed 1 per cent. above the bank rate. Five per cent. of the net surplus, at least, is allocated compulsorily to the reserve fund; 90 per cent. is paid in patronal dividends, in consumers' societies *pro rata* to the purchaser, and in other societies *pro rata* for the utilisation of the common institutions. Taxes, stamp duty, etc., are reduced to the minimum. Accounts are audited annually by the departments of agriculture and public economy which also form a Bureau of Information and Statistics. Societies may not deal with non-members or take part in political or religious matters or subject their members to political or religious tests. Credit may not be given to consumers. The society is governed by a general meeting which elects the Management Committee and the Committee of Inspection. In the case of societies with over 10,000 members the general meeting may be replaced by a delegate meeting. Societies may amalgamate or may federate to form a Co-operative Union.

This law has been incorporated in the Commercial Code.

The National Bank is authorised to make loans to co-operative societies under stated conditions, the loans to be for a period between six months and a year, and with or without amortisation. The National Mortgage Bank is also authorised to make loans up to a maximum of 25,000 pesos to societies for (1) the construction of depots, warehouses, granaries, elevators, creamery

and other installations, and (2) the purchase of land to be transferred to the society's members for the construction of houses or farm buildings. Loans may be up to 80 per cent. of the estimated value of land or buildings. The law also provides for the free grant of land alongside railways for the construction of co-operative warehouses and elevators. Certain exemptions from taxation are made in favour of co-operative societies.

Buenos Aires Commercial Code—1859.

National Commercial Code—1862.

Revised Commercial Code—1889.

*Province of Buenos Aires.*—Law on taxation of Co-operative Societies—1906.

*Province of Buenos Aires.*—Law on taxation of Co-operative Dairies—1915.

*Province of Cordoba.*—Law on the Co-operative Society of Rio Cuarto—1913.

*Province of Entre Rios.*—Decree on co-operative poultry keeping—1919.

*Province of Entre Rios.*—Law on co-operative taxation—1919.

*Province of Mendoza.*—Law on co-operative sales of grapes and wine—1919.

*Province of Buenos Aires.*—Law on the taxation of Co-operative Societies—1922.

\* Law authorising the Argentine National Bank and Mortgage Bank to grant loans to Co-operative Societies—September 30, 1926.

\* Law on the regime of Co-operative Societies—December 10, 1926.

Decree creating a section in the Directorate of Rural Economy and Statistics for the registration, inspection, and encouragement of Co-operative Societies—February 10, 1927.

*Province of Buenos Aires.*—Decree on the inspection of Co-operative Societies—1927.

*Province of Santa Fé.*—Decree of co-operation—1927.

*Province of Cordoba.*—Law on Co-operative Societies and stamp duty—1927.

*Province of Buenos Aires.*—Decree applying the National Law on co-operation—1929.

Decree on loans from the National Bank and Mortgage Bank to Co-operative Societies—January 2, 1929.

## AUSTRIA

A LAW on private association was passed in 1840 and one on co-operative credit societies in 1852, but the basis of the present co-operative legislation is a general law of 1873, which defined a co-operative organisation loosely as "a union with open membership for the promotion of the trade or industry of its members by means of joint business." Societies must be placed on the commercial register. Liability may be limited or unlimited. In the former case it is limited to a definite sum, not necessarily the total of a member's share-holding, though not less than the amount of one share. In the case of credit societies of the *Raffei*sen type, unlimited liability is compulsory. Members may withdraw with the consent of the society, or may transfer their shares to another member or to prospective members. An alteration in shares or an increase in members' liability can be effected at a general meeting by a two-thirds majority. Members who are not in agreement with the decision may thereafter withdraw on notice being given within fourteen days. A share may be of any amount, and any number may be held by a member. In some agricultural societies, shares are not paid in cash. Societies need not necessarily have share capital, but may form a reserve fund out of profits. Each member has one vote unless the rules provide otherwise, but votes must not depend on shares. Proxy voting is tacitly permitted. The internal government is characterised by the small (generally paid) management board and the supervisory council acting as intermediary between the board and the general meeting. The supervisory council is not compulsory. In societies with over 1,000 members a delegate meeting may replace the general meeting; one-tenth of the membership forms a quorum.

Trade with non-members is permitted by the law of 1873, but

has been forbidden by subsequent decisions in the case of credit and consumers' societies, if the latter have limited liability or receive deposits. According to the existing law, societies have privileges in the matter of tax remission which they lose if they engage in trade with non-members. They are also brought under the provisions of the Commercial Code. No specific directions are made as to the disposal of profits. The society draws up its own statutes with considerable freedom. Voluntary dissolution may take place at the decision of a two-thirds majority. In drawing up a balance sheet societies follow the Commercial Code. Audit is in most cases carried on by auditing unions, but these are not in all cases co-operative federations, for in some provinces this function has been delegated by Government to the Provincial Chamber of Agriculture. Further, societies which have received Government loans are audited directly by Government officials, and a few other societies voluntarily select State audit. Others which are not members of any auditing union are obliged to apply to the local "Tribunal of Commerce." As in Germany, the legal interval is two years. The audit is "administrative" in character and advisory in scope. That is to say, the auditing unions have not themselves the legal power to enforce the decisions of their auditors upon the society concerned.

Law on private associations—1840.

Law on Co-operative Credit Societies—1852.

\* Law on Co-operative Societies—April 9, 1873.

Law on Co-operative Societies and stamp duty—December 27, 1880.

Law on favourable taxation of Co-operative Societies—June 1, 1889.

Order on the taxation of Co-operative Societies—June 13, 1894.

Law on the inspection of Co-operative Societies—June 10, 1903.

Law on the taxation of Building Societies—December 28, 1911.

Law on the taxation of Co-operative Societies—January 3, 1913.

Law on the taxation of Housing Societies—May 18, 1915.

Order concerning Co-operative Societies—March 21, 1918.



Law amending the law of 1873 on Co-operative Societies—July 15, 1920.

Law on taxation—1922.

Law on corporations—June 6, 1924.

Law on taxation—August 5, 1924.

Law on gold balances—June 4, 1925.

Law respecting fiscal facilities in favour of Credit and Loan Societies—July 25, 1925.

## BELGIUM

By the Belgian Commercial Code (consolidated 1913), commercial bodies are divided into six classes of which co-operative societies form one. They are defined as societies "composed of members whose number and contributions are variable, and whose shares can never be transferred to others." The minimum membership is seven. Members may be jointly and severally liable or individually to an unlimited degree or up to a fixed amount. The use of the word "co-operative" is compulsory. The society is free to make its own rules on most points, except that the life of the society may not be for more than thirty years. In default of special rules on the point, the following provisions apply: (1) The society shall be for ten years, (2) members may not withdraw, (3) all members have equal voting rights; decisions at general meetings are to be taken in conformity with the rules for limited liability societies (voting in these cases is by shares, but the reference is probably to the majority required for certain decisions), (4) profits and losses are to be divided annually amongst members, half in equal proportion, half in proportion to contributions. The formation of a reserve fund is compulsory: at least one-twentieth of net profit being devoted to this purpose till the reserve fund equals one-tenth of the share capital. Annual stocktaking and the submission of a balance sheet to the Registrar

is also obligatory. Dissolution is carried out under the Commercial Code. Similar provisions apply to credit unions.

In 1921, a law was passed conferring civil personality on associations without lucrative object and public utility societies. Such bodies may not own property, except such fixed property as is necessary to realise their objects. Each member has one vote and is free to withdraw it at will. Societies are subject to a special property tax, from which, however, a large class of property is exempt. Registration fees and stamp duty are reduced. In the event of a dissolution, either compulsory, or voluntary by a two-thirds majority, a liquidator is appointed who disposes of the assets according to the rules or to the decision of the general meeting.

A decree relating to co-operative societies and friendly societies in the Congo was passed in 1921.

\* Belgian Commercial Code: Book I, Section IX: Societies. Law of May 18, 1873, modified by the law, May 22, 1886.

Law on commercial book-keeping—December 20, 1881.

Law on Friendly Societies—June 23, 1894, completed by the law of March 19, 1898.

Law on professional associations—March 31, 1898.

Law on Credit Unions—May 16, 1901.

Law modifying the laws on Commercial Societies—May 25, 1913.

Law on Commercial Societies: consolidation approved by Royal Decree—July 22, 1913.

Act on compulsory meetings—October 30, 1919.

Law guaranteeing liberty of association—May 24, 1921.

Law according civil personality to associations without lucrative object and to public utility institutions—June 27, 1921.

Law authorising recognised mutual societies and federations to amalgamate—July 30, 1923.

Law to regulate the investment of the funds of recognised Loan Societies—December 27, 1923.

#### CONGO

Decree relating to Co-operative Societies and Friendly Societies—March 23, 1921.

**BRAZIL**

CO-OPERATIVE legislation for credit societies is based on a Decree of 1907. Societies of this type are exempted from stamp duty and all other taxation for thirty years ; they also receive grants and other forms of State assistance. There are provisions for State inspection. There appear to be no model rules, and societies fix the maximum dividend, interest, etc., according to their own rules.

By a law of 1911, agricultural societies also receive substantial privileges, being exempt from taxation on real property, while land tax and business tax is remitted for ten years.

Compulsory co-operation among fishermen has been regulated by a Decree of 1923, constituting "fishing colonies" of at least forty fishermen at various points along the coast. The object of these colonies is "to establish a bond of fraternity among the persons concerned and to encourage the education, mutual assistance and prosperity both of themselves and of their families, and further to facilitate their employment as auxiliary naval units." They are affiliated to a delegate body, the General Confederation of Brazilian Fishermen, founded in 1921. In the same year, a fund for the assistance of the fishing industry was established by the State, its administration being entrusted to the General Confederation.

\* Decree on Co-operative Credit Banks—January 5, 1907.

\* Law on Agricultural Co-operative Societies—November 30, 1911.

Decree regulating the constitution of Joint Stock Companies with limited liability—January 10, 1919.

Resolution concerning propaganda and organisation of professional syndicates and Co-operative Societies—August 27, 1920.

Decree on the establishment of fishermen's colonies—1923.

*State of Bahia.*—Law on Co-operative Credit Societies—June 13, 1925.

Decree approving the regulations for supervision and assistance to the organisation and working of Raffeisen and Luzzatti Banks—June 2, 1926.

Instructions respecting the optional registration of Rural Associations and their unions or federations and of Agricultural or Breeding Societies or societies dealing with derived industries—September 10, 1926.

Resolution approving the model rules for sale and purchase Co-operative Societies for smallholders—February 22, 1929.

## BRITISH EMPIRE

### GREAT BRITAIN AND NORTHERN IRELAND

Co-OPERATIVE legislation in Great Britain takes the form of Industrial and Provident Societies Acts, which were originally modelled on statutes applying to friendly societies.<sup>1</sup> The first Industrial and Provident Societies Act was passed in 1852, and the last amendment in 1928. Although drafted primarily to meet the needs of industrial societies, all types of co-operative societies are covered by these Acts. Their provisions are not, however, of a very definitely co-operative character, much being left to the rules of the individual society. A Registrar is appointed who is also in charge of friendly societies. Societies may carry on any business but banking, though they may receive small deposits. Banking on a larger scale is limited to societies with no withdrawable capital. There are provisions for amalgamation, but no special provisions for federation. Societies may convert themselves into joint stock companies or vice versa. The minimum membership is seven individuals or two registered societies. The word "co-operative" is not protected. Liability is always limited and continues for one year after a member's resignation.

<sup>1</sup> The Friendly Societies Act itself has been used for the registration of a few Co-operative Credit Societies in Northern Ireland (see Irish Free State).

The following points must be determined by the rules : (1) Terms of admission of members (who may be either individuals or societies), (2) methods of voting, (3) rate of interest on shares, (4) the society's power to loan or receive money on deposit, (5) the limits of members' shareholdings, which must not exceed £200, (6) withdrawal of members, (7) whether and on what terms shares shall be transferable or withdrawable, (8) provisions for compulsory audit, (9) disposal of profits, (10) investment of capital, (11) arbitration of disputes.

Societies may own, mortgage, or lease land. The privileges of a society are corporate existence and an exemption from income tax, provided that if the number of its shares are limited, it deals only with members. Money payable by a member to the society is recoverable at law, and the society has also a lien on the shares of debtor members. Members have the privilege of nominating an heir or heirs to their interest in the society. Registration is compulsory, and societies must forward their rules, balance sheets, etc., to the Registrar, who also has the power of compulsory inspection and of calling special meetings. All societies must have their books audited annually by a public auditor. A society may be dissolved—(1) by an order to wind up under the Companies Acts, 1862-1890 ; (2) by consent of three-fourths of the members, on which the instrument of dissolution is drawn up ; (3) if it does not fulfil the conditions of the law.

As noted, co-operative societies are to some extent governed by the Companies Acts and they are also affected by other measures, as for example the Health Insurance Act of 1911 by which an important rôle was conferred on co-operative societies acting as "approved societies."

The intention of the Industrial and Provident Societies Act has also to some extent been defined by case law. The question

of a society's right to include a rule binding members to supply their produce to the society was decided in the negative by the House of Lords in the case of *McEllistrom v. Ballymacelligott Co-operative Creamery Society* (1919). It is believed, however, that a binding contract for a stated period would have been upheld.

Three cases (*Dibble v. Wilts and Somerset Farmers*, 1923 ; *Agricultural Wholesale Society v. Biddulph and District Agricultural Society*, 1925 ; and *Hole v. Garnsey*, 1930) all concerned the right of a society to impose by rule additional liability on its members. The first case was decided against the society and there was no appeal. In the second case a similar judgment was reversed on appeal and in the House of Lords. In the third case the House of Lords arrived at a contrary decision on the ground that the member had not "acquiesced" in the increased liability. To end this situation a short amending Act was passed in March, 1928, which makes it necessary for the written consent of members of co-operative societies to be obtained before any increase in their liabilities to the society becomes binding upon them. The Act does not apply to Northern Ireland. At the same time a Government grant was made towards the relief of societies which had incurred heavy liabilities owing to the liquidation of the Agricultural Wholesale Society—liabilities such as the present Act is designed to obviate.

With regard to the exemption from income tax of societies registered under the Act, a judgment of some importance was given in the High Court (1928) in favour of *Midland Dairy Farmers* and against the Crown, on appeal. The Crown contended that as the society sold to non-members and limited its shares by excluding milk dealers and consumers and imposing a contract on supplier-members, it was not entitled to exemption from income tax. Judgment was given that this did not constitute limitation

within the meaning of the Industrial and Provident Societies Act. Since then considerable clamour has been raised in certain quarters for the "taxation of co-operative societies." No legislation has been passed but an amendment introducing this principle led to the abandonment of the Industrial and Provident Societies (Amendment) Bill of 1929 which aimed at ensuring the co-operative character of societies.

A clause in the Consolidated Companies Act of 1929 makes it an offence for a company to use the word "co-operative" in its title without authorisation from the Board of Trade.

In 1923, an Agricultural Credits Act was passed, which provided for advances by the Ministry of Agriculture to agricultural credit societies registered under the Industrial and Provident Societies Acts. The clauses limiting shareholding to £200 and disqualifying societies from carrying on banking are abrogated in the case of credit societies. Advances from the Ministry are limited to a sum equal to that of the subscribed capital. The Ministry assumes considerable direct control over the affairs of the society to which it makes advances, including its right to borrow, to call up capital, and to distribute profit in dividend or bonus as well as the extent of the loans it may make to members.

This act was superseded by the Agricultural Credits Act, 1928, and the Agricultural Credits (Scotland) Act, 1929, which abolished the system of advances to credit societies, of which in fact little use had been made, instituted a new system of advances to individuals including (in the case of England) chattel mortgage, and also made provision for advances to agricultural co-operative societies for purchase and sale.

The Agricultural Produce (Grading and Marking) Act, 1928, is not a co-operative Act but it has had a certain effect on the co-operative movement in stimulating the formation of co-operative egg-packing stations.

The Agricultural Marketing Act passed in July, 1931, though not strictly a co-operative Act, has an important bearing on co-operative business. It provides that schemes (either national or regional) for the marketing of agricultural produce may be submitted to the Minister of Agriculture by persons "substantially representative" of the producers, both as to numbers and proportion of product. A scheme is then published and time up to six months given for the lodging of objections. The Minister may modify the scheme with the consent of the proposers, or may hold a public enquiry. The scheme in its final form must be approved by a resolution of both Houses of Parliament. It may later be amended. Every producer is then registered and a pool held to decide whether the scheme shall be put into operation. A majority of two-thirds of the producers of two-thirds of the product, at a poll at which at least half the producers' vote, is required for the adoption of a scheme. Where two products are involved, two separate polls must be held. Schemes may be amended by the same majority as is needed for adoption or revoked by a vote of at least half the producers of half the product. No scheme (except a "substitutional" amended scheme) may be revoked under two years. A scheme may be revoked by the Minister with the consent of Parliament.

When a scheme is adopted it is in the hands of a Board which consists of those persons "named in the scheme," together with two representatives of the Ministry of Agriculture. An election of a Board by the registered producers must be held within twelve months. The Board is authorised to buy, sell, or "adapt for sale" (which is not intended to cover manufacture) the regulated product. It may require the product or a certain grade of the product to be sold only through the Board. It may sell, or hire, appliances, seeds, etc., to producers. It may determine quality, price, grading, packing and destination. It



may inspect the property of registered producers and demand estimates and returns. It may encourage agricultural co-operation, research and investigation. A Board is not intended to have share capital, but it must create, by levies or otherwise, a fund to meet expenses, make advances, equalise profits, etc. It has power to create a floating charge on any agricultural stock vested in the Board. Contracts made previous to the adoption of a scheme are not to be made void thereby, unless they were made after the notification of a scheme, when they must be either specially registered or cease three months after it comes into operation.

Agricultural Marketing Funds (£500,000 for England and £125,000 for Scotland) are derived from the Treasury and placed in the hands of Agricultural Marketing Facilities Committees, to be used for short-term loans, free of interest, to those preparing schemes, which may be treated as grants if the scheme fails to secure adoption, and long-term loans (not exceeding £100,000 in England and £50,000 in Scotland) for the working of schemes. The Ministry will set up Consumers' Committees and Committees of Enquiry to deal with complaints and investigate. Schemes may be amended or revoked on the advice of these Committees. The Minister is also authorised to set up Agricultural Reorganisation Commissions for England and Scotland, with the task of preparing and recommending schemes. Such Commissions may receive the powers of a Tribunal of Enquiry.

A special Section, applying to Scotland only, provides that in the case of an existing "agricultural society" (co-operative society or joint-stock company) substantially representative of producers and product in a given area and having a binding contract with its members, its governing body may become the Board with the addition of representatives of non-member producers. The finances of the society and the scheme must be

kept separately. Contracts with such an organisation shall not be held to be in restraint of trade. Further, the Scottish Agricultural Organisation Society may, with the consent of Parliament, become the Agricultural Marketing Reorganisation Commission for Scotland with an annual grant. The Act does not apply to Northern Ireland.

An Agricultural Land (Utilisation) Act was passed at the same time and contains references to "societies" facilitating the capitalisation and supply of smallholders and allotment holders. It has no other co-operative aspects.

Act for the encouragement and relief of Friendly Societies—1793.  
(Amended 1795, 1809, 1819, 1829, 1834, 1846, 1850, 1855, 1860, 1866, 1875, 1876, 1879, 1882, 1883, 1885, 1887, 1894, 1895, 1896.)

The Industrial and Provident Societies Act—1852.

Act amending the Act of 1852—1854.

Act explaining the Act of 1854—1856.

Act consolidating and amending the Industrial and Provident Societies Act—1862.

Act to amend the above Act—1867.

Act to explain the Act of 1867—1871.

Industrial and Provident Societies Act—1876.

Companies Acts—1862-90.

Industrial and Provident Societies Act—1893.

Industrial and Provident Societies Act (Jersey)—1894.

Industrial and Provident Societies Act—(Amendment) 1895.

Health Insurance Act—1911.

\* Act to consolidate and amend the Industrial and Provident Societies Acts—1913.

Agricultural Credit Act—1923.

Industrial and Provident Societies (Amendment) Act—March, 1928.

Agricultural Credit Act—1928.

Agricultural Credit (Scotland) Act—1928.

Consolidated Companies Act—1929.

Agricultural Marketing Act—July, 1931.

## IRISH FREE STATE

As all Acts passed in Great Britain before 1922 apply also to the Irish Free State, the basis of co-operative legislation as supplied by the Industrial and Provident Societies Acts and the relevant sections of the Companies Acts is the same. The amendment of 1928, however, the Agricultural Credits Act of that year and the Agricultural Marketing Act of 1931 do not apply. Their place is taken to some extent by special Free State legislation.

The Friendly Societies Acts (consolidated 1896) have been used extensively in Ireland, although not in England, for the registration of co-operative credit societies. The main purpose of societies under this Act is the relief of members in sickness and the payment of funeral benefits, but it also provides for other classes of societies, of which the last, "specially authorised loan societies," includes and since 1917 has consisted principally of agricultural credit societies of a co-operative character. Such a society, in common with other Friendly Societies, must consist of at least seven persons. It must have a registered office and must, through its general meeting, appoint one or more trustees, in whom all property is vested. It may sue and be sued. An annual audit, not necessarily by a public auditor, is compulsory, together with a quinquennial valuation of property. Annual returns to the Registrar must be made and a balance sheet drawn up and displayed in the society's office. Societies may amalgamate and may be dissolved, voluntarily by consent of five-sixths in value of members ("Value" being determined by allotting one vote to each member plus one additional vote up to a total of four for every five years of membership) or compulsorily by decision of the Registrar after an application for inspection made by one-fifth of the members of

a society having less than 1,000 members. The society is also subject to voluntary or compulsory cancellation of registration or to compulsory suspension. As there is no share capital liability is by implication unlimited. Special authorised loan societies are in addition exempted from the Money Lenders Act. They are authorised to lend, to members only, sums up to £50. By the Societies Borrowing Powers Act (1898) they are authorised to accept deposits from non-members as well as members, provided it is laid down in the rules that no part of funds may be divided amongst the members in profits, bonus or dividends, and that the purpose of the loan is approved by the committee, provided further that deposits do not exceed two-thirds of loans to members and that no member's interest in the funds exceeds £200. Other matters are left to be settled by the rules and comprise: (1) Interest and other conditions governing loans and deposits; (2) terms of admission of members; (3) manner of holding meetings and rights of voting; (4) manner of making and amending rules; (5) method of keeping accounts; (6) manner of settling disputes; (7) investment of funds, deposits with other societies, and personal security, except in the case of loans to members, being ruled out by the Act.

The Agricultural Credit Act, passed May, 1927, provides for the formation of an Agricultural Credit Corporation in the form of a limited company with a capital of £500,000. Of the £1 shares, 200,000 were to be offered to the banks and the remainder for public subscription, the Minister of Finance undertaking to subscribe all shares not subscribed by the public and also to be liable for the capital in the case of liquidation and for the dividends of the corporation. Interest on shares is fixed at 5 per cent. The objects of the corporation are to lend money on security, discount and purchase bills of exchange, promissory notes, etc., and receive deposits. Seven directors are appointed,

three of whom are nominated by the Minister. Loans may be made to farmers for productive purposes or to co-operative societies for similar purposes or to pay off loans. No society may receive an advance unless it is engaged in giving agricultural credit, sale of agricultural requirements, agricultural production or marketing, or the production and/or distribution of power and light to farmers. No retail industrial society may receive a loan, and no society receiving a loan may sell goods, not being agricultural requirements, which have not been produced by itself or its members, nor may it financially assist any society which does so. The corporation may not discount bills, etc., from any source to which it is not entitled to make loans. The corporation is authorised to issue debentures and to borrow money on the security of certificates of charge issued by it to those to whom it has made loans. The second part of the Act provides for Chattel mortgage to be made between farmers and the corporation or a recognised bank.

A supplementary Act was passed in July, 1928, entitled "An Act to give priority to certain charges on land registered under the Local Registration of title (Ireland) Act, 1891, in favour of the Agricultural Credit Corporation and to provide for the protection of persons having equitable interests in such land against loss by reason of giving of such priority." A further amendment was passed in 1929 increasing the capital of the Agricultural Credit Corporation from £500,000 to a million, shares being divided into "A" shares, bearing interest at 5 per cent., and "B" shares, held by the Minister of Finance, and on which dividends would be paid out of profits only. Shares are to be paid up to the extent of 10s. per share.

In August, 1928, an Act was passed "to make provision for the more effective regulation . . . of the dairying industry and persons and co-operative societies engaged therein with a view

to the better reorganisation of that industry. . . ." It lays down that whereas certain proprietary creameries have been bought out with public funds and are at present in the hands of the semi-official Dairy Disposal Company Ltd., any person or society wishing to take over all or part of the business of an expropriated creamery must pay a principal sum and interest to the company, calculated on the value of milk previously supplied to the creamery in question. This payment is in effect a purchase of the goodwill of the expropriated creamery. Societies are further authorised to recover the sum from their suppliers by issuing "debt shares" to suppliers in proportion to the number of cows owned by them. Suppliers thereby become members of the society. All agreements under this Act are validated even when they require societies to act in contravention of the Industrial and Provident Societies Act or the society's own rules, including the £200 limit on shareholding. No society may accept milk from the shareholder of another society without special authorisation and no creameries may be acquired, established or maintained without licence from the Department of Agriculture.

Acts providing for the establishment of official grades for butter and eggs intended for export, together with the necessary inspection and control have had an important effect on co-operative societies though they cannot be classed as co-operative legislation.

Friendly Societies Act—1896 (*United Kingdom*).

Industrial and Provident Societies Act—1913 (*United Kingdom*).

Agricultural Credit Act—May 28, 1927.

Agricultural Credit Act—July 30, 1928.

Creamery Act—August 3, 1928.

Act to Amend the Agricultural Credit Act—1929.

## DOMINION OF CANADA

Co-operative legislation exists in most of the provinces of Canada, dealing with co-operative associations for marketing, credit and other purposes (usually under separate acts) as well as for the distinctive department of wheat pooling. Some of the eastern provinces however still rely on the Companies Acts.

## ALBERTA

A Co-operative Associations Act was first passed in 1913, and amended in 1922. In the intervening years, various Agricultural Societies Acts were passed which were, however, educational rather than co-operative in their scope.

The Act of 1922 is of a general co-operative character, not specifically agricultural. It provides for associations engaged in selling, purchasing, production, and consumption. By subsequent legislation marketing societies have been excluded from registration under this Act. There is no special provision for federation, but fusions may take place, with or without division or liquidation of funds, and bodies corporate may hold shares in an association. The word "co-operative" is not protected. Liability is limited. Officials are required to make a deposit, but are not liable in any other way. Each member has only one vote. The proportion of shares to be held by each member is fixed by the rules. If the rules permit, members may withdraw, the society buying back their shares. A share may only be transferred if the rules permit. A society may raise funds by mortgaging land. It may lend to its members on the security of their real or personal estate. It may invest all or part of its capital in another society with limited liability. There are no provisions as to the distribution of profits. Associations enjoy

corporate existence; they may deduct their members' debts from their shares; their accounts must be submitted annually to the Registrar. An association may be dissolved with the consent of three-fourths of the members. A statement of the position and proposals for liquidation must be forwarded to the Registrar, who will sanction and publish it. The association then, it would appear, makes its own arrangements for liquidation. The Act specifies certain points with which rules must deal, but their actual drafting, as well as alteration, are left to the society.

In 1917 a Co-operative Credit Act was passed which was amended in 1918, 1920, 1921, 1922, 1924, 1925 and 1927. The principal object of societies registered under this Act is the provision of short-term agricultural credit, but they also have power to purchase farm requirements and place insurances for their members, as well as "to promote co-operation" in general. The word "co-operative" is not protected. Liability would appear to be unlimited. Membership is limited to farmers. Starting members must number between 30 and 100 and must subscribe for not less than \$1,500 and not more than \$3,000 stock. Profits may be used for the formation of a reserve fund, and for the payment of a dividend of not more than 6 per cent. on the paid-up shares. The Act provides for Government guarantee of securities and for Government supervision, also for municipal guarantee and supervision on similar lines, both involving the appointment of official members to the Board of the society concerned. A society may be dissolved at the instance of three-fourths of the members. In the event of dissolution accumulated reserve is to be divided amongst the members. Societies enjoy corporate existence.

In 1924, the Co-operative Marketing Association Act was passed, which provides for the "marketing of agricultural products through co-operation either with or without a capital



divided into shares." The association may undertake storing, preparing for the market, and marketing, as well as the supply of machinery, etc., and the provision of credit. Associations may enter into partnerships, unite for certain purposes, invest, lend, etc., to any similar association. The use of the word "co-operative" is limited to those complying with the Act. The liability of members is limited to their unpaid shares or entrance fees. Membership is limited to agriculturists. No member has more than one vote, and no member may hold more than one-twentieth of the ordinary shares. Methods of withdrawal and transference are fixed by the articles of the associations. Dividend on all types of shares must not exceed 8 per cent., otherwise no conditions are laid down for the distribution of profits. Marketing contracts may be made, requiring all members to sell all or part of their agricultural produce to, or through, the society, or through an agency created or indicated by the society. The contracts may also provide that the society pays the price of the produce to the member after deducting expenses. The society enjoys corporate existence. It may enter into arrangements with Government and other authorities to obtain concessions, etc. An annual audit is compulsory, and an annual statement must be forwarded to the Registrar of Joint Stock Companies. There are no special provisions for dissolution. The Memorandum of Association must state: (1) Objects; (2) provision for the creation of share capital; (3) matters in connection with the appointment of directors; (4) rights of members with regard to borrowing.

The Alberta Farmers' Co-operative Elevator Company was established by Act of Parliament in 1913. In 1924 it was followed by Alberta Co-operative Wheat Producers Ltd., and in 1925 an Act was passed "to amend the Co-operative Wheat Producers Ltd. Act."

In 1929 an Act was passed which revised, in the light of five years' experience, the constitution and rules of the Alberta Co-operative Wheat Producers Ltd., repealed the previous Act, and removed the Wheat Producers from the scope of the Co-operative Associations Act under which it had originally been registered. Voting membership is restricted to those holding current marketing agreements, which are in the form of binding contracts with liquidated damages in case of a breach. The members vote directly on questions submitted to referendum, but in the ordinary way their powers are confined to the election of delegates, one for each sub-district, who in turn elect a director for each district. It appears to be possible for a member whose marketing agreement is no longer "current," to remain as a shareholder without voting rights. The company has the right to form ordinary reserves and also special reserves, for the financing of elevators, in which the members have no claim for distribution. A member may be expelled for failure to carry out a membership agreement. Provision is made for arbitration in all other cases of disagreement between members and the Pool. The Act contains a clause providing that grain received by the Pool should not be liable to seizure unless money has been lent on the security of the grain in question.

Agricultural Societies Ordinance—1903.

Act to amend the Agricultural Societies Ordinance—February 16, 1912 (also amended 1917, 1918, 1921, 1922, 1924).

Act respecting Co-operative Associations—March 25, 1913.

Act to incorporate the Alberta Farmers' Co-operative Elevator Company—March 25, 1913.

Act to amend the Charter of the Alberta Co-operative Elevator Company—1917.

\* Act respecting Co-operative Credit—April 5, 1917.

Act to amend the Co-operative Credit Act—April 10, 1920.

Act to amend the Co-operative Credit Act—April 19, 1921.

Act to amend the Co-operative Credit Act—1922.

\* Act respecting Co-operative Associations—1922.

\*Act respecting Co-operative Marketing Associations—April 12, 1924.

Act respecting Alberta Co-operative Wheat Producers, Ltd.—1924.

Act to amend the Co-operative Credit Act—April 12, 1924.

Statute Law amendment Act (Co-operative Associations)—April 12, 1924.

Act to amend the Co-operative Wheat Producers, Ltd. Act—April 10, 1925.

Act to amend the Co-operative Credit Act—April 10, 1925.

Act to amend the Co-operative Credit Act—April 2, 1927.

Act to amend the Co-operative Marketing Associations Act—1928.

Act to amend the Co-operative Marketing Associations Act—March 20, 1929.

Alberta Wheat Pool Act—March 20, 1929.

Act respecting rural intermediate and short-term credit—March 28, 1931.

## BRITISH COLUMBIA

In 1911, an Agricultural Associations Act was passed which, while covering all forms of rural association, contains a section devoted to "societies with share capital," and gives the definition of a co-operative organisation as one paying patronal dividends and to which all producers in a district may belong. Previous Co-operative Acts are consolidated in the Agricultural Act, and it contains the regular type of co-operative provisions—limited liability, one man one vote, members' holdings limited to one-fourth of the total shares, limitation of dividends on shares to 6 per cent., etc. There is also provision for Government loans, not exceeding half the subscribed capital. This Act was frequently amended, and in 1920 it was superseded, as far as co-operation was concerned, by the Co-operative Associations Act. In the same year an Act was passed dealing with "agricultural and charitable" societies which provided that such societies

might convert themselves into co-operative societies by special resolution.

The Co-operative Associations Act of 1920 is general in character and permits societies to engage in any business except railways, banking, insurance, or the operations of a Trust Company. A society may have branches or take shares in another company or amalgamate with it. The word "co-operative" is protected. A co-operative society must not use the words "company" or "limited." Liability is limited. Directors must give a guarantee. Membership is open. Each member has one vote. The Act puts no limit on the number of shares a member may own, but in the accompanying rules the limit is fixed at twenty-five shares. In an agricultural co-operative association, members who have not sold their main produce through the society may not vote or hold office. Members may withdraw or transfer their shares. A society may redeem and re-issue its own shares. It may borrow at discretion subject to the rules. Debentures are charged on all or part of property including uncalled capital. Not less than 10 per cent. of surplus must be paid to the reserve, until the reserve has risen to a certain level which varies in proportion to total capital. Dividend not exceeding 8 per cent. may be paid on shares. Further surplus may be paid in patronal dividend or used for propaganda or general purposes. Associations have no special privileges beyond corporate existence and a lien on the shares of debtor members. An annual statement must be sent to the Registrar. The Lieutenant-Governor may revoke or cancel the incorporation of an association. Associations are wound up according to the Companies Act. The Lieutenant-Governor has power to make rules and to alter the schedules for incorporation, etc.

In 1924, the Act was amended so as to provide for marketing contracts. These are to be drawn up with fixed sums as "liquid-

ated damages" to be paid in case of a breach of contract. A member breaking a contract of this character is also bound to pay the costs of any action at law arising out of the breach. An injunction may be procured by the association to prevent a threatened breach. Any third person accused of procuring a breach of contract is liable to a penalty not exceeding \$500.

Agricultural societies are usually registered under the Act of 1920, though they were frequently incorporated under one of the general Acts preceding it. Occasionally consumers' societies are registered under the Industrial and Provident Societies Act, or are not registered at all.

A compulsory Marketing Act somewhat on the lines of the Dried Fruit Act of Western Australia was passed in 1927. Its provisions are not based directly on the co-operative movement.

In 1929 an Act was passed to deal with the situation caused by the insufficient demand for liquid milk and the consequent manufacture of cheese and butter for inferior returns. It provides that on petition of dairy farmers local committees shall be set up with power to spread the difference in value between all milk sold in manufactured form and the liquid price of the same milk over the whole body of producers. For this purpose the committees are empowered to make enquiries, demand information, and collect levies. For the purposes of the Act all dairy farmers must obtain a licence except those selling through a co-operative society, in which case the society must hold licences on behalf of its members. The committees are not empowered to fix prices or methods of disposing of milk.

This Act was challenged in the courts and the decision of the first court, that the Act was *ultra vires* the Province of British Columbia, was upheld by the court of appeal. An appeal to the Privy Council in November, 1932, was dismissed.

Act respecting Agricultural Associations—March 6, 1911.

Act respecting Agricultural Associations—March 4, 1914.

Act to amend the Co-operative Associations Act—March 4, 1914.

Act respecting Agriculture and providing for the incorporation and regulation of Agricultural Associations and making provision for agricultural credit—March 6, 1915.

Act to amend the Agricultural Act, 1915—May 19, 1917.

Act to amend the Agricultural Act, 1915—April 23, 1918.

Act to amend the Agricultural Act, 1915—March 29, 1919.

\* Act to facilitate the incorporation of Co-operative Associations, and to provide for their regulation—April 17, 1920.

Act to facilitate the incorporation of societies for charitable and other useful purposes and to provide for their regulation—1920.

Act to amend the Co-operative Associations Act—December 16, 1922.

Act to amend the Co-operative Associations Act—December 19, 1924.

Act respecting the Marketing of Fruit and other Produce—March 7, 1927.

An Act to amend the Co-operative Associations Act—March 20, 1929.

Dairy Products Sales Adjustment Act—1929.

## MANITOBA

Acts relating to co-operative societies as well as other forms of agricultural organisation date from 1913. The present position is regulated by the Co-operative Associations Act, 1925. It is a general Co-operative Act covering societies for marketing, storing, manufacturing, and any other mercantile operations except railway management, insurance, or the business of a trust company. Societies may make advances on goods to be delivered to them. A co-operative society is defined as one in which all members have equal voting rights, there is no voting by proxy, and surplus is distributed to members in dividends on business done. The word "co-operative" is protected. Liability is limited to members' unpaid shares or subscriptions. All members must have equal votes, and may not hold more than one-twentieth of the society's total share capital. The society's

funds are derived from membership fees or from shares which may be divided into preference and ordinary shares. Surplus shall be divided as follows (1) Ten per cent. to the reserve fund, until the latter is equal to 30 per cent. of the paid-up capital or the total membership fees ; (2) interest on paid-up capital at a rate not exceeding 7 per cent. (if the bylaws so provide) ; (3) the payment of patronal dividends. Marketing contracts for not more than ten years may be made between members and the association, with provision for liquidated damages and costs of any action at law to be borne by the defaulter. The association can secure an injunction to forestall a threatened breach of contract. Associations have corporate existence ; they must submit an annual statement to the Registrar. An association may be dissolved by the consent of three-fourths of the members, or by the Registrar if the society has ceased to do business. It is then wound up according to the Companies Act, to which it is subject in all provisions not conflicting with the Co-operative Act. The bylaws fix the form of internal organisation, the amount of stock each member may hold, the terms of marketing contracts, the regulation of withdrawals and transfers of membership, etc.

This Act repeals previous Co-operative Acts and renders the Sale of Shares Act inapplicable, also certain portions of the Companies Act.

The Wheat Board Money Trust Act of 1925 constitutes the Co-operative Marketing Board, financed out of funds coming into the Government's hands from the Canadian Wheat Board, and having for object the promotion of co-operative marketing and co-operation in general.

An Act was passed in May, 1929, making certain changes in the charter of the Manitoba Co-operative Wheat Producers. The name was changed to " Manitoba Wheat Pool " and the

terms "members" and "membership" substituted for "shareholders" and "shares." The signing of a contract for the delivery of wheat constitutes membership, and the lapse of contracts the cessation of membership. A new clause empowers the Pool to enter into any relations which it may think suitable with Canadian Co-operative Wheat Producers, Ltd. A contract with a member may in future be made for any "definite or indefinite term." Provisions are made for arbitration in cases of dispute.

Existing legislation regarding co-operation was embodied almost without alteration in the revised and consolidated Companies Act of 1932, of which it forms one section.

Manitoba Companies Act—(amended 1916, 1921, 1925, 1932).

Act to amend the Dairy Factories Incorporation Act—February 15, 1913.

Act respecting Agricultural Societies—1913.

Act respecting Co-operative Associations—1913.

Act to provide for the incorporation of Cheese and Butter Manufacturing Companies or Associations—1913.

Act respecting the incorporation of Farmers' Mutual Benefit Associations—1913.

Act to amend the Agricultural Societies Act—1913.

Act to incorporate the Manitoba Beekeepers' Association—April 1, 1915.

Act respecting Co-operative Associations—March 10, 1916.

Act to amend the Rural Credit Act—April 26, 1921.

Act to amend the Co-operative Associations Act—May 7, 1921.

Act to amend the Agricultural Societies Act—April 5, 1924.

\* Act respecting Marketing and other Co-operative Associations—April 9, 1925.

Wheat Board Money Trust Act—1926.

Act to amend the Agricultural Societies Act—March 9, 1928.

Act to amend "An Act to Incorporate Manitoba Co-operative Wheat Producers, Ltd."—May, 1929.

\* Revised and consolidated Companies Act—August 1, 1932.



## NEW BRUNSWICK

Until 1922, co-operative societies were registered under Companies Acts. Agricultural Acts and some legislation on cheese and butter manufacturing associations also existed. In 1922 an Act for co-operative marketing of agricultural products came into force. It does not include other forms of co-operation. There are provisions for the affiliation of local bodies, "egg clubs, community clubs," etc. The word "co-operative" is not protected, but the business of all societies registered under the Act must be purely co-operative. Liability is limited. There are no restrictions on membership. Members have one vote each. The total value of a member's share is limited to \$2,000. Shares are transferable with the society's consent. All members doing business with the society must retain at least one share, which would appear to exclude trade with non-members. Surplus profit may be used (1) for reserve fund, if it is so provided in the rules; (2) for distribution amongst members in proportion to business done. A society has no privileges beyond corporate existence and nominal registration fees. Rules are drafted by the society itself with a wide scope.

Act to amend the Agricultural Act Consolidated Statutes, 1903, Chapter 37—May 5, 1915.

New Brunswick Companies Act—April 29, 1916 (amended 1917, 1918, 1920, 1922, 1923).

Act to amend Chapter 38, Consolidated Statutes, 1903, respecting the incorporation of Cheese and Butter Manufacturing Associations—April 11, 1918.

\* Act to provide for the incorporation of Associations for Co-operative Marketing of Farm Products—April 13, 1922.

## NOVA SCOTIA

Legislation on agricultural associations in Nova Scotia has taken two principal lines, both within the general scope of the Companies Acts. There are numerous Acts for "the Incorporation of Farmers' Fruit, Produce and Warehouse Associations," which must largely fill the place of co-operative marketing societies, and which may be co-operative in character. The Acts themselves, however, do not lay down specifically co-operative provisions; indeed, it is stated that voting is to be in proportion to shares, and other provisions are of the usual joint stock company type. On the other hand there are elaborate provisions for federation and the bylaws may provide for the regulation of sale, barter, or disposition by shareholders of the produce grown by them, which would open the way to marketing contracts.

Besides these Acts, a Farmers' Co-operative Societies Act was passed in 1914 and subsequently amended. It applies to societies registered as joint stock companies for the purpose of purchasing and hiring out equipment, ensuring the purity of seeds, foodstuffs, etc., transport and marketing, or membership of another company or association. The word "co-operative" is not protected, and the provisions of the Act are few, and not of a distinctly co-operative character. The members must be agriculturists, or belong to an agricultural society as defined by the Agriculture Act. A Government inspector of co-operative societies is appointed. The registration fees applicable to companies are remitted, and a few minor provisions of the Companies Acts are not applicable.

Various Acts relating to agricultural associations, apparently of an educational character, also exist.

An Act of 1916 provides for fishermen's co-operative societies.

Act to facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations—1908.

Act to amend Chapter 33, Acts of 1908, and entitled "An Act to facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—April 12, 1912.

Act to further facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations—April 12, 1912.

\* Act to encourage the Incorporation of Farmers' Co-operative Societies—May 14, 1914.

Act to amend Chapter 33, Acts of 1908, entitled "An Act to facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—May 14, 1914.

Act to amend Chapter 4, Acts of 1914, entitled "An Act to encourage the Incorporation of Farmers' Co-operative Societies"—April 15, 1915.

Act to encourage the Incorporation of Fishermen's Co-operative Societies—May 17, 1916.

Act to amend Chapter 63, Acts of 1913, entitled "An Act to amend Chapter 22, Acts of 1912, entitled An Act to further facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—May 17, 1917.

Act to amend Chapter 33, Acts of 1908, entitled "An Act to facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—April 26, 1918.

Act to amend Chapter 22, Acts of 1912, An Act to further facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations, as amended by Chapter 63, Acts of 1913, and Chapter 28, Acts of 1916—April 27, 1920.

Act to amend Chapter 4, Acts of 1914, entitled "An Act to encourage the Incorporation of Farmers' Co-operative Societies"—May 16, 1921.

Act to amend Chapter 33, Acts of 1908, An Act to facilitate the Incorporation of Farmers' Fruit, Produce and Warehouse Associations, and amendments thereto—May 16, 1921.

The Nova Scotia Companies Act—1921.

Act to amend Chapter 19, Acts of 1921, The Nova Scotia Companies Act, 1921—April 6, 1923.

Act to amend Chapter 4, Acts of 1914, entitled "An Act to encourage the Incorporation of Farmers' Co-operative Societies"—April 17, 1923.

The Revised Statutes, Chapter 70, entitled "Of the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—1923.

Act to amend Chapter 70, Revised Statutes, 1923, entitled "Of the Incorporation of Farmers' Fruit, Produce and Warehouse Associations"—May 7, 1925.

ONTARIO

No specific Co-operative Acts exist in Ontario, the various Agricultural Societies Acts being educational in their objects. The Ontario Companies Act, 1926, however, contains a special co-operative section. It defines a co-operative society as one in which no member has more than one vote, no member votes by proxy, and the surplus funds are distributed (1) as interest not exceeding 8 per cent. on paid-up capital, (2) as bonus to members on business done with the society. The provisions of the Act cover all forms of co-operation. There are no special provisions for federation, but societies may form branches. The word "co-operative" is protected, except in the case of bodies already incorporated. Liability is limited. Membership is open. Each member has one vote. The value of shares held by a member is not limited, except that in another section of the Companies Act it is laid down that no shareholder in a co-operative cold-storage association which has received State aid, or in a cheese and butter manufacturing company, shall hold shares exceeding \$1,000. Trade with non-members is permitted. Capital is raised by shares, or by a form of members' promissory notes called "capital notes." Shares may be transferred with the permission of the Board of Directors. There are no special provisions for borrowing, and in this and all other unspecified particulars societies are subject to the general company law. Surplus is divided as stated in the definition of a co-operative society, but anything remaining may also be used as follows: (1) Not more than 20 per cent. to reserve fund, (2)

not more than 5 per cent. to educational or community fund, (3) a trade refund to non-members at a lower rate than members. There are no provisions for marketing contracts. The society makes its own bylaws, its powers in this direction being only limited by the provisions of the Act.

Government supervision and audit are the only advantages derived from the State under the principal Act, but by an Act of 1920 co-operative societies registered under the Companies Act and engaged in the preparation and sale of grain and potatoes may receive loans from the Ministry of Agriculture for purposes of carrying on and developing their business. Loans may not exceed \$3,000, and are interest free for two years after which interest is at 5 per cent. The maximum term is ten years.

Act to assist Agricultural Co-operative Associations in Marketing Farm Products—1920.

\* Ontario Companies Act—1926.

### PRINCE EDWARD ISLAND

Co-operative societies are registered under the Companies Act or under private Acts incorporating special companies, such as the Dairymen's Associations and certain co-operative marketing organisations. Some societies are unregistered.

The Companies Act—1888.

Act to incorporate the Prince Edward Island Co-operative Egg and Poultry Association—1917.

Act to incorporate the Prince Edward Island Dairymen's Associations—April 9, 1925.

### QUEBEC

Legislation dealing with co-operative societies, agricultural societies, and similar bodies was embodied in the Revised Statutes

of 1909. A series of amendments followed which were consolidated in a series of Agricultural Acts passed in 1925. With the exception of a provision in the law on professional syndicates of 1924, which empowers syndicates to "subsidise and assist" co-operative societies for production and consumption, the Acts of 1925 embody all the co-operative legislation of the province.

The Acts provide for the formation of agricultural societies for the promotion of agriculture in general, farmers' clubs on similar lines, but on a smaller scale, and farmers' club co-operative societies, which are farmers' clubs federated for co-operative purposes. The two first receive Government financial assistance, the latter receive no direct grant, but the member clubs pay over a proportion of their Government grant in affiliation fees to the club co-operative society.

The Acts also provide for co-operative agricultural associations. All such societies must be registered as joint stock companies. They may engage in production, marketing, purchase, and manufacturing. Societies may take shares in the Provincial Federal Co-operative Society. The word "co-operative" is not protected. Liability is limited in all cases. Each member has one vote. No member may hold more than 100 shares at \$10. The minimum shareholding must be fixed by the bylaws and must not be more than ten shares. Shares may be transferred in conformity with the bylaws, and to persons approved by the society. Funds are derived from shares, also from borrowing on any security or property of the society, including paid and unpaid shares, up to a maximum of four times the amount of subscribed shares and reserve. A society may establish a reserve fund. Until this fund is equal to the subscribed capital, the total dividends on paid-up shares must not exceed 6 per cent. After this point has been reached, profits may be distributed as follows: (1) A dividend of 8 per cent. on paid-up capital,

(2) an allocation of 10 per cent. of profits to the reserve fund, (3) the remainder as bonus to shareholders on trade done, with the provision that no shareholder receives bonus on goods bought from the society which have previously been sold to it by other shareholders. There is no provision for marketing contracts. The association is subject to inspection, and a financial statement must be forwarded annually to the Minister of Agriculture. The property of associations is exempt from all Government taxation. If an association has ceased business for two years it may be closed by the Minister of Agriculture on the appeal of the Board of Directors. Any remaining assets are distributed to members in proportion to their paid-up shares. Bylaws are passed at shareholders' meetings, and have a wide scope within the provisions of the Act. The directors may also make bylaws if they do not conflict with those made at the shareholders' meetings.

An Act of 1928 constitutes an Agricultural Loan Commission with power to make advances to agricultural co-operative societies and individuals. Various sections of the Act of 1925 were amended in 1929 and 1931 with regard to inspection and to the conversion of joint stock companies into co-operative associations. Certain modifications of the Companies Act have also been effected.

Companies Act of Quebec—1909.

Revised Statutes concerning Agricultural Circles, Agricultural Societies, Agricultural Co-operative Societies and Farmers' Clubs—1909.

Act to amend the Revised Statutes of 1909 concerning Agricultural Circles—March 14, 1911.

Act to amend the Companies Act of Quebec—March 14, 1911.

Acts to amend the Revised Statutes of 1909 concerning Agricultural Societies and Agricultural Co-operative Societies—March 14, 1912.

Act to amend the Companies Act of Quebec—March 14, 1912.

Farmers' Clubs Act—February 19, 1914.

Acts to amend the Revised Statutes of 1909 concerning Agricultural Societies, Farmers' Clubs, Agricultural Co-operative Societies, Agricultural Circles and other Agricultural Associations—February 10 and 19, 1914.

Acts to amend the Revised Statutes of 1909 concerning Agricultural Societies, Agricultural Circles, Agricultural Co-operative Societies and the Dairy Society of the Province of Quebec—March 5 and 15, 1915.

Acts to amend the Revised Statutes of 1909 concerning Agricultural Societies, Agricultural Circles, Agricultural Co-operative Societies and Co-operative Companies—February 9, 1918.

Act to amend the Revised Statutes of 1909 concerning allocations to Agricultural Societies—March 17, 1919.

Act to amend the Revised Statutes of 1909 concerning Agricultural Co-operative Societies—February 14, 1920.

Act concerning Companies and Corporations—February 14, 1920.

Acts to amend the Revised Statutes of 1909 concerning Co-operative Agricultural Societies and Mutual Benefit Associations—December 29, 1922.

Act on Professional Syndicates—March 15, 1924.

Acts to amend the Companies Act (1920), the Revised Statutes (1909) and the Civil Code with regard to companies and to the issue and sale of shares, bonds and other securities—March 15, 1924.

\* Acts to amend and consolidate the Revised Statutes of 1909 with subsequent amendments regarding Co-operative Societies, Agricultural Societies, Farmers' Clubs, Farmers' Club Co-operative Societies, Co-operative Agricultural Associations and other Agricultural Associations—April 3, 1925.

Act to amend the Companies Act of 1920—April 3, 1925.

Act concerning Agricultural Loans—March 22, 1928.

Acts to amend the Act on Agricultural Societies and Professional Syndicates—April 4, 1929.

Act to amend the Farmers' and Dairymen's Association Act—March 11, 1931.

Act to amend the Co-operative Agricultural Association Act—March 11, 1931.

Act respecting the converting of certain Joint Stock Companies into Agricultural Co-operative Associations—April 4, 1931.

Act to amend the Quebec Co-operative Companies Act respecting the creation of certain funds—April 4, 1931.

Act to amend the Quebec Co-operative Companies Act respecting the inspection of companies other than people's savings banks—April 4, 1931.



## SASKATCHEWAN

Agricultural Co-operative Associations Acts existed for many years and were frequently amended. They provided for all forms of agricultural co-operative activity. No special provision was made for federation. Societies were bound to use the word "co-operative" in their title, but the use of the word was not prohibited to others. Liability was limited in all cases. At least 75 per cent. of the members must be farmers. Members' shareholdings were unlimited. Each member had one vote. Trade with non-members was permitted. The society derived its funds from shares, payable by instalments. The shares might be assigned, transferred, or repurchased by the society. The society's power to pledge its own credit was limited. Profits were to be divided as follows: (1) Ten per cent. to reserve until the latter equalled 30 per cent. of the paid-up capital, (2) interest on share capital not exceeding 8 per cent., (3) patronage dividends to shareholders and patrons of the society if the by-laws permitted. Societies had no special privileges beyond cheap incorporation.

An Act was passed in 1928 amending the law with regard to co-operative associations, the general effect of which was to emphasise the co-operative as distinct from the commercial aspects of such associations. The principal changes are as follows:

1. *Membership*.—The clause insisting on a 75 per cent. membership of farmers has been withdrawn, and any person can now become a member of a co-operative association.

2. *Patrons*.—A patron is defined as "a person who purchases over \$60 worth of merchandise from an association in any one year." Purchasers of a less amount cannot share in the distribution of profits. It is not clear how this affects members whose business with the association is one of sales and not of purchases.

3. *Interest on Share Capital.*—Interest is now fixed at 6 per cent. precisely. A supplemental bylaw, however, provides that an association may decide that no interest or no further interest shall be paid on capital stock. In this case any shareholder can demand the repurchase by the association of as many of his shares as he desires, provided one is retained.

4. *Patronage Dividends.*—It is now made compulsory to distribute the remainder of profits (after payment to reserve) in the form of patronage dividend. This was formerly permissive. The word “surplus” is substituted for “profits.” The placing of patronage dividends to the credit of members’ share accounts until the unpaid balance of shares is paid up is now also made compulsory. Dividend due to patrons who are not shareholders may be retained by the society and credited to the patrons’ account till it equals the par value of one share, when the patron shall be admitted to membership.

5. *Property.*—Real property may now be sold, mortgaged, leased or otherwise disposed of.

6. *Use of the word “Co-operative.”*—Only associations registered under this or one of the previous co-operative Acts or a private Act may use the word “Co-operative.”

In 1929 a further amending Act was passed by which it is provided that dividends due either to a shareholder or a non-shareholder patron may, by a supplemental bylaw, be credited to him either as loan or share capital, at an interest not exceeding 6 per cent. Loan capital may also at the request of a shareholder be placed to his credit for the purchase of commodities from the association. Loan capital is withdrawable at ninety days’ notice. Secondly, the section dealing with the use of the word “co-operative” is amended as follows: “No person, firm, corporation, or association doing business in this Province shall . . . use the word ‘co-operative’ . . . unless incorporated by

or under the authority of an Act of the Parliament of Canada or an Act of this Legislature.”

In March, 1931, an Act was passed providing for the formation of a body corporate to be known as the “Saskatchewan Grain Co-operative,” to which all grain, not sold for seed or feed purposes or retained on the farm, should be delivered. This body was to be formed in the first instance by the Saskatchewan Co-operative Wheat Producers, Ltd., the Act being, in fact, one to convert that organisation into a “100 per cent, compulsory pool.” Penalties were provided for sales contrary to the provisions of the Act.

At the same time, a second measure was passed, submitting the question of the enforcement of the Act to a referendum of landowners and occupiers and their husbands or wives.

Before the referendum was taken the Supreme Court of the Province was asked to consider the legality of the main Act. It was pronounced *ultra vires* on the ground that it was an encroachment on the rights of the Dominion Parliament.

Act respecting companies—June 24, 1915 (amended 1916, 1917, 1920, 1922, 1923, 1925).

Act to amend Agricultural Co-operative Associations Act—June 24, 1915.

Act to incorporate the Saskatchewan Co-operative Creameries, Ltd.—March 10, 1917.

Act to amend the Agricultural Co-operative Associations Act—February 3, 1922.

Act to amend the Agricultural Co-operative Associations Act—March 22, 1923.

Act respecting Co-operative Marketing Associations—January 28, 1926.

\* Act respecting Co-operative Associations—March 7, 1928.

Act amending the Co-operative Associations Act (1928)—1929.

Act to amend the Marketing Act, 1926—April 10, 1930.

Grain Marketing Act—March 11, 1931.

Referendum Act—March 11, 1931.

## NEWFOUNDLAND

No co-operative legislation exists. The only co-operative organisation in Newfoundland—the Fishermen's Society—is a purely voluntary body not registered in any way.

## COMMONWEALTH OF AUSTRALIA

Co-operative legislation in Australia is for the most part the affair of the individual states and these show considerable divergences. Most have started on the English model with a version of the Friendly Societies or the Industrial and Provident Societies Acts. This has in some cases been superseded by specific co-operative Acts with an agricultural bias, or has been supplemented by legislation of an advanced kind providing for the compulsory pooling and marketing of agricultural produce.

There are no special Co-operative Acts applying to Australia as a whole, apart from the Industrial and Provident Societies Acts, under which co-operative societies can register. Provision for rural credit is made through the Commonwealth Bank. The Commonwealth Department of Markets and Migration, established in 1925, was transformed in 1928, after an intermediate period as the Department of Markets, into the Department of Markets and Transport. Acts controlling the export of dairy produce and dried and fresh fruit and the inter-state trade in dried fruit have been passed between 1924 and 1928 providing for the setting up, after a poll of growers, of Control Boards, dealing with the commodity in question, on which either the growers directly or the growers' co-operative societies are represented.

Dairy Produce Export Control Act—October 20, 1924.

Dried Fruit Export Control Act—October 20, 1924.

Commonwealth Bank (Rural Credits) Bill, 1925.

Fresh Fruit Overseas Marketing Act—April 8, 1927.

Act relating to Trade and Commerce in Certain Dried Fruits with other Countries and among the States—May 22, 1928.

### NEW SOUTH WALES

A Building and Co-operative Societies Act was passed in 1901, and Companies Acts and Friendly Societies Acts were also passed and amended from time to time. Some societies existed which were not registered at all.

The legal position of co-operative societies is now consolidated under the Co-operation, Community Settlement, and Credit Act, 1923 (not passed till 1924). The Act applies to co-operation in general, but a subsection applies to rural societies and rural credit societies. Productive, trading, building, purchasing, marketing, investment, credit, and insurance (to the extent of insurance arranged on behalf of members) are all provided for. Societies may not carry on general banking. Societies may combine to form associations, and associations to form unions. Societies existing at the time of passing the Act were required to register under it. Provision is made for the appointment of a ministerial advisory council. The word "co-operative" is protected and must be included in the name of a society.

All societies, except rural credit societies, must be with limited liability. Members are liable only to the extent of unpaid shares (some shares are issued with contingent liability amounting to half the share). Directors are only liable in cases of gross negligence, misconduct, etc. Membership in rural and rural credit societies is open to all engaged in a rural industry unless stated otherwise in the rules. The maximum shares to be held by one

person are one-fifth of the total or £1,000 (unless the rules fix less). The principle of one man one vote is followed, with, in some cases, a maximum of two additional votes for trade done. More than 10 per cent. trade with non-members forfeits income-tax remission. Withdrawal of capital is not permitted, but there are "special arrangements" whereby a member "may recover its use." "In building and trading societies members may withdraw capital no longer needed with the consent of the Registrar where unsecured loans are due to outsiders. Societies may repurchase shares out of reserves up to one-twentieth of paid-up capital in any one year." Capital is raised from (1) members' shares (transferable with the society's consent, but not withdrawable, except as above); (2) loans raised by mortgaging property; (3) issue of bonds; (4) deposits from members in certain cases and up to a certain limit. Shares are classified as borrowers' shares, ordinary shares, and contingent liability shares. Five per cent. of surplus must be allocated to reserve. Dividend of not more than 8 per cent. may be paid on paid-up capital except in the case of rural credit societies with unlimited liability, where no distribution may take place. The remainder of profit may be paid as bonus on trade done (*a*) to members, (*b*) to non-members or employees towards a membership share. The society may make a binding contract with a member in respect of exclusive trading, though such contract would ordinarily be in restraint of trade. Penalties are provided for infringements.

If 90 per cent. of trade is with members, income tax is remitted on distributed profits. No registration or stamp duty is charged. The society has a lien on the shares of its members for the recovery of debts. Accounts must be kept, and particulars submitted to the Registrar, who exercises a certain jurisdiction over the working of societies, and may call a special

meeting in special circumstances, etc. Accounts must be audited annually by "a competent person approved by the Registrar" who may not be an officer of the society. Dissolution may be voluntary, by the Courts, or by the Registrar (if the members are less than seven—if no business has been done for six months—if a fixed duration has expired—if the society is acting illegally, or illegally registered, etc.). A liquidator is appointed. Members, and members who have resigned within one year, are liable to contribute. Members' claims are paid after all outside debts have been settled. Model rules exist, but a good deal of latitude is allowed in settling matters of liability, additional votes, maximum shares held, methods of raising capital, etc., also as to alterations. Companies may by an adequate modification of rules transfer to co-operative registration.

The Act was amended in 1924.

The Marketing of Primary Products Act, 1927, provided for the setting up of marketing boards with compulsive powers at the request of two-thirds of the local producers. These boards, however, are not necessarily of a co-operative character. Certain amendments were made in 1929 and 1931. These consist principally in a lowering of the proportion of producers whose votes are needed to establish a Board and in the granting to Boards, by proclamation, of powers to manufacture the product. The Director of Marketing has also ceased to be ex-officio member of all Boards. A Marketing Board may be set up on the petition of a representative number of the producers of any commodity followed by a poll of producers at which two-thirds of the producers vote and a two-thirds majority in favour of the Board is secured. Failure to vote is punishable with a fine. The Board consists of two, three or five representatives elected by the producers and of one or two other persons. They are removable by the Governor. Boards are constituted for not less

than three years. They may be dissolved by a resolution of both Houses of Parliament or by a poll of producers. Boards are empowered to sell the commodity entrusted to them and to regulate supplies. Commodities may by proclamation be vested absolutely in the Board whether or not they have been delivered to it. Penalties are provided for anyone selling outside the Board unless special exemption has been granted. Boards may not refuse to accept delivery but may require certificates of grade or quality. Certificates of receipt will be issued to producers and payments made on the basis of sale proceeds. Boards may make advances in respect of commodities delivered. Previous contracts may be voided. Boards must keep accounts and submit to audit by the Auditor-General. Boards are entitled to make general levies without the special consent of the producers for the purpose of meeting expenses, making advances, etc. Particular levies for the establishment of insurance funds and for local purposes may be made with the consent of an adequate number of the persons concerned. Other matters are referred to rules to be drawn up. A Statistics and State Marketing Bureau is set up which will publish marketing information.

Building and Co-operative Societies Act, 1901.

Companies Acts, 1906 and 1907.

Friendly Societies Amendment Act, 1912.

Act to amend the Friendly Societies Act, 1912—December 31, 1920.

\* Act to amend the law relating to co-operation ; to provide for the formation, registration, and management of Co-operative Societies, including Rural Societies, Trading Societies, Community Settlement Societies, Advancement Societies, Building Societies, Rural Credit Societies, Urban Credit Societies, Investment Societies, and associations and unions of societies ; to provide for an Advisory Council ; and to repeal the Building and Co-operative Societies Act, 1901, and to amend the Income Tax (Management) Act, 1912, and certain other Acts ; and for purposes connected therewith—January 3, 1924 (known as Co-operation, Community Settlement, and Credit Act, 1923).



Act to amend the Co-operation, Community Settlement and Credit Act, 1923, in certain particulars, and for purposes connected therewith—December 23, 1924.

Marketing of Primary Products Act—1927.

Act to amend the Marketing of Primary Products Act—June 16, 1928.

Act to amend the Co-operative Acts (1923-28)—April 8, 1929.

Marketing of Primary Products (Amendment) Act—March 17, 1931.

### QUEENSLAND

A Co-operative Sugar Works Act was passed in 1914, and there also existed legal provision for industrial and provident societies, but agricultural co-operation in particular was first dealt with in the Primary Producers' Co-operation Act of 1923, amended in 1925.

The Act contains provision for federation. The word "co-operative" is protected. Liability may be limited or unlimited, but if unlimited, the society must be one without share capital. Bona fide primary producers alone are eligible for membership, and the directors have a right to refuse applications for membership without assigning a reason. No limit to shareholding is specified. Each member has one vote. Trade with non-members is not prohibited. Shares are issuable, or funds may be raised by loans from members when liability is unlimited. Shares are transferable, and may be surrendered, the share subscription being refunded under certain conditions, by arrangement with the directors. Interest must not exceed 5 per cent., or whatever sum shall be fixed by the Governor in Council. The sum placed to reserve may be decided on by the general meeting, but must not be less than the amount recommended by the directors. The reserve fund may not be distributed, but when it has reached 20 per cent. of the share capital, it may be partly issued as shares. Marketing contracts are stated as amongst

the objects for which a company is formed. The model rules include clauses contemplating five-year contracts for the sale of members' produce, pooling of produce, and advances in produce. Also liquidated damages. It is stated that such contracts shall not be held as in restraint of trade. Societies are believed to be exempt from the payment of income tax, but this is not laid down in the Act. The Governor in Council may make special regulations for inspection.

With regard to compulsory co-operation, the Act provides that where a ballot is demanded on the question of setting up a Board to control the marketing of any commodity, 75 per cent. of the votes of the producers must be in favour of setting up the Board. There is some indication that this percentage will be reduced in the near future. The duration of any association is fixed by the bylaws.

Shortly before the passing of this Act a principle new to co-operative legislation had been introduced by the Primary Products Pools Act of 1922. It provides that the Governor in Council may declare that any agricultural commodity may in future be subject to controlled marketing. Upon such notification fifty producers of the commodity concerned may demand a ballot on the question of the establishment of such control. In such case two-thirds of the votes cast must be in favour of the establishment of control, otherwise control is not effected. Upon the establishment of control a Board is elected by the producers of the commodity concerned, together with one representative of the Government. The Board is authorised by the Act to make all arrangements for the marketing of the whole of the product grown in the State (or any portion of the State) in respect to which controlled marketing is set up, and to make arrangements for finance, to require returns from holders of the commodity, as well as to do everything incidental to the object.

In short, whereas Parliaments have provided legislation under which joint stock companies can be constituted and under which co-operative companies may be established, the Parliament of Queensland established special legislation under which primary producers could unite in setting up marketing organisation. Where a two-thirds majority of producers of a product desire their product marketed on a co-operative plan, then the produce of the minority is also brought compulsorily within co-operative control. Exemption may be granted for small quantities and local sales.

This Act was amended in certain particulars, and in 1926 both the Primary Products Pools Acts and the Primary Producers Organisation Acts were consolidated in the Primary Producers Organisation and Marketing Act. Shortly after, new regulations were introduced under the Primary Producers Co-operative Associations Acts 1923-26, referring especially to registration and auditing and superseding all previous regulations.

The Consolidated Act of 1926 provides for a council of agriculture elected by members of commodity boards, for commodity boards and for local producers' associations of an advisory character. It introduced the principle of a levy imposed with the consent of the producers and intended to meet the expenses of the Board. Various existing organisations were specifically noted as constituting Boards. It was laid down that Boards need not necessarily engage in actual marketing. The procedure with regard to voting was detailed in attached regulations. These include the principle of "one man one vote."

A further amendment of the Primary Producers' Organisation and Marketing Act, 1926, was passed in 1928, and provides that commodity boards shall not be set up unless 50 per cent. of the possible votes have been cast in a poll of producers. The life of Boards may be extended beyond the prescribed period by

Order in Council provided the growers may petition for a poll on the matter and that, provided a majority for continuance is not obtained, the Board shall cease to operate. A counter-petition for continuance may also be submitted. Boards are permitted to amalgamate. Fuller provisions are made for winding-up. Certain amendments are also made to the Fruit and Marketing Organisation Acts, 1923-25, assimilating them to the Primary Producers' Organisation and Marketing Act; also to the Wheat Pools Act, 1920-25, and the Primary Producers Co-operative Associations Acts, 1923-26. A number of Orders in Council have been issued from time to time relating to the establishment and powers of particular Boards.

The principal points of difference between commodity boards and co-operative organisations of the usual type are (1) the compulsory principle; (2) the weakening of democratic control by the substitution of a Board, elected at unspecified intervals by postal ballot, for the annual general meeting; (3) the absence of shareholding and any of the usual forms of liability; (4) the absence of regulations for the distribution of profit.

Act to amend the Sugar Works Guarantee Acts, Amendment Acts of 1908, the Sugar Works Act of 1911, and the Co-operative Sugar Works Act of 1914, in certain points—December 29, 1916.

Act to amend the Co-operative Agricultural Production Act, 1914, by extending its provisions so as to enable advances to be made to farmers—November 17, 1919.

Wheat Pools Act—1920.

Act to make better provision for Provident and Industrial Societies—March 11, 1920.

Act to promote the agricultural and rural industries by the organisation of the primary producers of Queensland in a completely unified national organisation, and for other incidental purposes—August 15, 1922.

Act to provide for the constitution of Boards and representing growers of specified commodities and to confer powers on a Board so constituted

with respect to the marketing of the commodity for which it has been constituted—September 26, 1922.

\* Act to provide for the formation, registration, and management of Primary Producers' Co-operative Associations, and for other purposes incidental thereto—November 23, 1923.

Order in Council in pursuance of the provision of the Primary Products Pools Act, 1922—September 6, 1923.

The Primary Producers' Organisation Act Amendment Act—November 12, 1923.

Act to make provision for State advances to Co-operative Companies and Associations and to farmers and others—November 23, 1923.

Fruit and Marketing Organisation Act—1923.

Additional regulations under the Primary Producers' Co-operative Associations Act of 1923—March 6, 1924.

Act to amend the Friendly Societies Act of 1913 in a certain particular—October 30, 1924.

Act to amend the Fruit and Marketing Organisation Act—1925.

Act to amend the Primary Products Pools Act, 1922 to 1923, in certain particulars—September 28, 1925.

Act to amend the Primary Producers' Organisation Acts, 1922 to 1923, in certain particulars—September 28, 1925.

\* Act for the consolidation and improvement upon the existing Primary Producers' Organisation Acts and Primary Products Pools Acts, which are both repealed—November 20, 1926.

Act to amend the Primary Producers' Co-operative Act—1926.

Regulations under the Primary Producers' Co-operative Acts—January 13, 1927.

Primary Producers' Organisation and Marketing Act Amendment Act—October 11, 1928.

Regulations issued in pursuance of the Primary Producers' Co-operative Association Act, 1923-26—January 10, 1929.

Regulations issued in pursuance of the Primary Producers' Organisation and Marketing Acts, 1926-28—January 31, 1929.

Order in Council issued in pursuance of "The Primary Producers' Organisation and Marketing Acts, 1926-28," dealing with the Butter Board—February 15, 1929.

Pineapple levy regulations issued in pursuance of the Fruit Marketing Organisation Acts, 1923-28—February 15, 1929.

Regulation issued in pursuance of the Primary Producers' Organisation and Marketing Act—April 18, 1929.

Order in Council issued in pursuance of "The Primary Producers' Organisation and Marketing Acts, 1926-28," defining the functions of district cane-growers' executives—October 16, 1929.

Order in Council regarding the powers of the Cane-Growers' Council issued in pursuance of "The Primary Producers' Organisation and Marketing Acts, 1926-28"—October 16, 1929.

### SOUTH AUSTRALIA

A consolidated Friendly Societies Act was passed in 1919, and twice amended since then. An Act also exists relating to industrial and provident societies, but there are no specifically Co-operative Acts.

The State Bank of South Australia was established at the end of 1925 to make advances to private persons and also to "associations, societies or pools of any kind which are formed with the main purpose of undertaking the co-operative manufacture or marketing of rural products." Amongst the forms of security which may be offered are "guarantees by co-operative credit societies or rural credit associations."

In 1927 the Loans to Producers Act was passed, by which the State Bank is authorised to make loans out of the Loans to Producers Fund to any co-operative society registered under the Industrial and Provident Societies Acts, 1864 and 1923, which is engaged or about to engage in rural production—that is to say, in the erection of plant and premises for packing, manufacturing or marketing agricultural produce. Loans may be made by instalments and must be secured by mortgage or lien or other prescribed security and must be repaid as and when the Bank determines.

The Co-operative Agricultural Producers Act—1914.

Act to amend the Co-operative Agricultural Producers Act of 1914 by extending its provisions so as to enable advances to be made to farmers—November 17, 1919.

Act to consolidate certain Acts relating to Friendly Societies—November 20, 1919.

Act to further amend the Friendly Societies Act, 1919, and for other purposes—December 7, 1921.

Act relating to Industrial and Provident Societies—December 6, 1923.

Act to authorise the loan of £30,000 to the Royal Agricultural and Horticultural Society of South Australia, Incorporated, and for other purposes—December 6, 1923.

Act to further amend the Friendly Societies Act, 1919—November 19, 1925.

Voluntary Wheat Pool Agreement Ratification Act, 1925.

Act to provide for the establishment of a State Bank of South Australia for the administration by the said Bank of various other Acts dealing with the making of advances and loans, to make consequential and other amendments to those Acts and to repeal the State Advances Acts, 1895–1924, and for other purposes—December 24, 1925.

Loans to Producers Act—November 30, 1927.

Act to amend the Loans to Producers Act, 1927—December 23, 1927.

## TASMANIA

Co-operative societies were registered under the Friendly Societies Act or the Companies Act until the passing of the Co-operative Industrial Societies Act in 1928.

Under this Act, any society may be registered which is formed for the purpose of carrying on any industry, business, or trade such as may be authorised by its rules, and this may include dealings in any description of land. The capital is in the form of shares of fixed amount, the liability of each member being limited to the amount of shares held by him. Each member has one vote, and one vote only. Withdrawable shares may not be issued, and no member other than some other registered society may have a shareholding greater than £1,000. The business of banking is prohibited. To form a company at least five members and a secretary or manager must be involved, and their names, with two printed copies of the rules, delivered to

the Registrar. The word "Co-operative" must form part of the title of the society, and the words "Society Limited" must form the last words in the title. It is incumbent on the Registrar to register the society, and in event of his refusal, appeal may be made to the Supreme Court. Provision is made for the cancellation of any certificate which may be granted, or suspension may be imposed. No company may be registered under the Companies Act of 1920 bearing any name which has the word "Co-operative" as part of its title, and no person is permitted to carry on business or trade in which the word "Co-operative" forms part of its title, unless it can be proved that this title was in existence prior to the passing of the Act of 1928. Registered societies shall submit to audit under the provisions of the Companies Act, 1920.

A registered society, if it so desires, may enter into contracts with its members requiring them to market the whole of any specified product through the society during a period not exceeding five years. There is also provision for exclusive buying through the society, and it is specifically stated in the Act that such contracts cannot be declared invalid merely on the ground that they unreasonably restrain trade. If a member ceases to be qualified for membership, his shares are to be transferred. The rate of dividend which may be paid by a society to its shareholders in respect of any financial year must not exceed by more than 3 per cent. the rate payable at that time by the Associated Banks of Australia on fixed deposits for two years.

Act to aid Friendly Societies, and for other purposes—February 8, 1917.

Act to amend the Aid to Friendly Societies Act, 1917, and for other purposes—December 8, 1917.

The Companies Act—1920.

Act to consolidate and amend the law relating to companies, and for other purposes—January 10, 1921.

\* Co-operative Industrial Societies Act, 1928.



## VICTORIA

Several Acts exist relating to friendly societies, industrial and provident societies, and "Proprietary Companies and Associations not for profit," but no specifically Co-operative or Agricultural Co-operative Acts. Co-operative organisations are registered either as provident societies or as limited companies.

Act to amend the Friendly Societies Act, 1915—September 6, 1915.

Act to amend the law relating to proprietary companies and to certain associations not for profit.—September 28, 1920.

Act to amend the Friendly Societies Acts with respect to Dividing Societies—November 28, 1922.

Act to amend the Primary Products Advances Act—December 16, 1922.

Act to amend the Friendly Societies Acts—October 2, 1923.

Act relating to Industrial and Provident Societies—November 11, 1924.

Nos. 3418, 3461, 3487, Acts continuing and amending the Dried Fruit Acts, 1926.

## WESTERN AUSTRALIA

A general Co-operative Act was passed in 1903, regulating the formation of co-operative societies, for "any lawful industry, business, or trade" except banking. It is of the Friendly Society Act type. Amalgamation "with or without division or dissolution of funds" is provided for, but not federation. The word "co-operative" is not protected. No member may have an interest of more than £200 in the society, or leave more than £50 to his heirs at his death. In addition to raising money by shares the society may mortgage land. The rules are legally binding, and may be enforced by penalties, but there is no specific provision as to marketing contracts. The society is recognised as a corporate body; its accounts are inspected by the public auditor; otherwise it derives no benefit from the Government. Its registration may be cancelled by the Registrar, by consent of three-fourths of the members, or if the society has ceased to

do business or is found to have been illegally registered, etc. An instrument of dissolution must be registered in which the proposed disposal of assets is stated, or this may be left to the Registrar.

The Dried Fruits Act of 1927 sets up a Marketing Board with compulsive powers, but not of a co-operative character.

An Act to amend the law relating to Co-operative Trading and the Registration of Co-operative Companies was passed in 1929, and contains the following important provisions: (1) Restriction of the use of the word "co-operative" to organisations registered under the Act observing the following principles: (a) that the rate of interest on shares shall be fixed at not more than 5 per cent. above the Commonwealth Bank Rate on fixed deposits for 2 years, provided that interest may be paid retrospectively for any of the three preceding years in which no interest was paid; (b) that all surplus shall be distributed in bonus on business done; and (c) that each shareholder qualified to vote shall have equal voting power. Societies are also given certain powers to purchase members' shares. No society may be wound up voluntarily if its nett assets exceed its subscribed capital, unless by consent of a three-fourths majority of members. By this Act co-operative societies are removed from the scope of the Co-operative and Provident Societies Act, 1903, and placed under the Companies Act thus amended.

\* Act to provide for the Incorporation and Regulation of Co-operative Societies and Provident Societies, 1903.

Agricultural Bank Acts, 1906-22.

Dried Fruits Act, 1927.

\* Companies Act Amendment Act, 1929.

## NEW ZEALAND

Various Acts exist relating to different types of associations—friendly societies, incorporated societies, agricultural and pastoral societies. Agricultural co-operative societies, however, are, it would appear invariably, incorporated under the Companies Acts of 1882 and 1908 (with amendments). Dairy Societies are frequently, but not always, also registered under the Dairy Industry Act, 1908, which consolidated the earlier Co-operative Dairy Companies Act. In the Act of 1908, a section is devoted to Co-operative Dairy Companies, but its provisions relate simply to the right of companies registered under it to require or accept the surrender of shares, and to re-issue them, also to their exemption from certain sections of the Companies Act. The Articles of Association of New Zealand co-operative societies usually contain provisions as to the maximum number of votes per member, etc., which define their co-operative character, but these provisions do not appear to be statutory.

In 1922 the Rural Credit Associations Act provided for the formation of credit societies under the Acts of 1908 and 1920 with a minimum of ten members. Such associations were to receive deposits from members and others at a rate of interest to be fixed by the rules; they might also borrow from other sources. The purpose of associations was to lend to members at fixed rates of interest and for approved objects, usually on personal security but occasionally on mortgage or similar security. Loans were to be at long term and for improvements, purchase of supplies, repayment of mortgages and debts up to a maximum of £500 to any one person. Associations were managed by a Board. Members accepted joint and several liability with certain possibilities of exception. Books were audited annually and all profits placed to reserve.

This Act was superseded in 1927 by the Rural Intermediate Credit Act which set up the Rural Intermediate Credit Board with the object of making loans to agriculturists, their associations and co-operative societies, and of creating subsidiary district Boards with the same purpose. Funds are derived from advances up to £400,000 from the Ministry of Finance and from the issue of debentures. The Act provides for the establishment of co-operative credit associations of not less than twenty members with limited liability. The provisions of the Companies Act apply with certain modifications. The object of these associations is to borrow from the Board or any bank in order to make loans to members on land or chattel mortgage or on personal security for agricultural purposes. Loans are for a maximum of five years and are limited to ten times the shareholding of the borrower. The Board may also lend money to agricultural co-operative societies with a subscribed capital of not less than £2,500 on the security of the society's property in livestock or produce, the loan being limited to 80 per cent. of the value of such property, and is from three months to three years. Loans to individuals are at  $6\frac{1}{2}$  per cent. (the discount rate) ; to associations and co-operative societies at 6 per cent. The maximum loan to an individual is £1,000.

The New Zealand Dairy Produce Export Control Act was not a co-operative measure though it had an important effect on the fortunes of co-operative dairy societies.

The Companies Acts, 1882.

The Co-operative Dairy Companies Act, 1907.

\* The Dairy Industry Act, 1908.

The Agricultural and Pastoral Societies Acts—1908.

The Incorporated Societies Act—1908.

The Companies Act—1908.

The Friendly Societies Act, 1909.

Act to amend the Friendly Societies Act, 1909—October 11, 1915.

Act to amend the Agricultural and Pastoral Societies Acts, 1908—September 3, 1920.

\* Act to amend the Companies Act, 1908—October 8, 1920.

Act to amend the Incorporated Societies Act, 1908—November 5, 1920.

Act to amend the Incorporated Societies Act, 1908—October 17, 1922.

Act to amend the Companies Act, 1908—October 23, 1922.

Act to make provision by means of the establishment of Rural Credit Associations for affording financial assistance to Farmers and other Rural Workers—October 31, 1922.

Act to amend the Dairy Industry Act (1908)—1922.

Act to amend the Friendly Societies Act, 1909—October 31, 1922.

Act to extend the duration of the Companies Amendment Act, 1922—August 22, 1923.

New Zealand Dairy Produce Export Control Act—1923.

Rural Advance Act—1926.

\* Rural Intermediate Credits Act—1927.

Regulations under the Rural Intermediate Credits Act—1927, 1928, 1930.

#### SAMOA

Order in Council, Samoa Companies Order, 1922—May 1, 1922.

### UNION OF SOUTH AFRICA

Agricultural Co-operative Acts existed in the Transvaal and Orange Free State dating respectively from 1908 and 1910; these were adopted and amended after the Union, but legislation in its present form dates from 1922, when a comprehensive Act was passed, dealing with all forms of co-operation, whether agricultural or not. Provisions for federations exist, federal bodies being subject to the same general regulations as their constituent societies. The word “co-operative” is protected. Liability may be limited or unlimited. Membership is open, subject to the directors’ right to refuse an application for membership. There are no limits to members’ shareholdings. Each

member has one vote, but, if the bylaws permit, may be entitled to a maximum of two additional votes on account of business transacted with the society.

Societies with unlimited liability have no shares, but "capital funds, such as loans, or revenue funds, such as reserves, are to be used." No loans in excess of £100 may be raised without the consent of a two-thirds majority at a special meeting. Where liability is limited, one class of shares is to be issued which must be at least one-tenth paid up. No loan exceeding half the capital of the society is to be raised without a two-thirds majority at a special meeting. Shares are transferable with the consent of the directors, and may be cancelled by resolution of a general meeting. The Land Agricultural Bank may lend to an agricultural co-operative society on (1) joint and several liability of the members; (2) uncalled capital and/or contingent liability; (3) fixed assets; (4) liquid assets, such as debts or crops. Bond or other security must be registered or otherwise completed before an advance is made.

With regard to the distribution of profits, the maximum rate of interest is laid down in the rules, but must not exceed 8 per cent. There are also provisions for the creation of a reserve and the distribution of the balance of the profit.

Provision for the compulsory supply of produce is made in the model rules, also for pooling and pool payments. The Act also provides for fines to be imposed on members who fail to sell produce through the society.

Government loans may be made either (1) ten-year loans or cash credit account; or (2) one-year loans to finance the export of produce. Societies require no licence to trade, and are not liable to stamp duty. They are exempted from (1) any taxation on profits other than interest or rent arising from investments; (2) any auction duties in respect to agricultural produce and

livestock; (3) any licence duties chargeable on turnover of capital; (4) any taxation or duty of a like nature to the above. The Minister has powers of inspection and investigation, and may veto regulations or alterations of regulations. A society may, but need not, have a specified term of life.

Compulsory co-operation is provided for in the Amending Act of 1925 as follows: When the Minister is satisfied that in any district 75 per cent. of the producers, producing 75 per cent. of the local output of any kind of agricultural produce, are members of a co-operative society, he may give notice that in future all producers in the district shall market their goods through the society, whether they are members or not. Non-members coming under this regulation are then bound by the rules of the society, but may apply to have their produce inspected and graded by a Government officer at the expense of the society.

Co-operative companies in North and South Rhodesia, Bechuanaland, and South-West Africa may be members of the Union of South Africa Federal Co-operative bodies.

By an Act of 1930, the Co-operative Societies Act (1922) is amended in the following particulars:

- (1) A co-operative farming society may be formed by seven or more persons.
- (2) Co-operative societies are authorised to handle products delivered by Government institutions.
- (3) Co-operative societies are prohibited from trading with non-members without the written consent of the Minister of Agriculture. The profits of corporations derived from trade with non-members shall forfeit any claim to exemption from income tax.
- (4) The Minister of Agriculture is empowered to authorise the inspection of co-operative societies' books.

- (5) Liquidators of co-operative societies are placed directly under the control of the Registrar.
- (6) Amalgamation of co-operative societies is permitted without the previous liquidation of one or both.
- (7) It is made a criminal offence for any person in an area of compulsory co-operation to sell his product otherwise than through the legitimate societies. The buyer of the product is likewise guilty of a criminal offence. The maximum penalty is a fine of £100.
- (8) Societies are authorised to advance money to their members on delivery of produce, and societies of wine-growers may make advances before delivery.
- (9) The disposal of profit is determined in the following manner: (a) interest on shares not exceeding 8 per cent.; (b) optional contribution to reserve, and (c) equal distribution amongst the members.

Prior to the consolidation of co-operative law the foundation of an agricultural credit system was laid by the Agricultural Bank Act of 1912. This provided for the amalgamation of the existing Natal, Transvaal and Orange Free State agricultural banks into a single institution handling all State credit to agriculture and controlled and appointed by the Governor-General. The bank is empowered to make loans not only to individuals but also to co-operative societies and to guarantee the contracts entered into by such societies. Loans up to a maximum of £2,000 may be made on the demand of a two-thirds majority of the members of a society and usually take the form of a cash credit account with interest at 5 per cent. Members are jointly and severally responsible for the society's debt to the bank. An amendment of 1916 extended these privileges to unregistered societies. A further amendment of 1921 extended the Act to



South-West Africa and also gave the bank power to discount co-operative societies' bills, to borrow from other banks and to issue bills, the funds so obtained to be used for loans to co-operative societies. These might borrow up to the total value of agricultural requirements and up to 60 per cent. of the value of agricultural produce handled. The bank was given the right to seize all such property in case of default without special legal proceedings.

The Agricultural Loan Act of 1926 carried organisation further by dividing the country into "agricultural loan circles" and providing for the formation, by the Land Bank, of agricultural loan companies in each, these bodies being officially managed until such time as a stipulated proportion of their share capital had passed into the hands of rural credit societies. Loan companies are intended to play the part of provincial co-operative banks, discounting the bills of local credit societies and receiving deposits but also making loans to individuals on the security of produce sold through a co-operative society. Share capital, which must not be less than £5,000, is subscribed in shares of £1 by individuals, rural credit societies and the Land Bank. Only the two latter may exercise votes, which are in the proportion of one for each share. Liability is limited. The shares of credit societies are not transferable. A dividend not exceeding 8 per cent. may be paid on shares.

Rural credit societies are formed with a membership of farmers only. Liability is unlimited, and the liability of deceased or retiring members is only cancelled with the consent of the remaining members and the bank. Societies or companies may be dissolved voluntarily, by resolution of a three-quarters majority of at least half the members, or compulsorily under an order of the courts or of the controlling Central Board in case of a failure to comply with the legal provisions. In the event of dissolution,

any surplus is distributed to members in accordance with business done in the last ten years. Societies are both registered and liquidated by the bank. Shares in the bank are taken up by means of an obligatory 1 per cent. commission on all bills discounted with the bank. Loans to members may be for all agricultural purposes but not for the cancelling of previous debts. The transactions, whether of sale or purchase, for which the loan is intended shall be made through a co-operative society except by special permission. The society shall not have share capital but shall derive its funds from revenue.

In 1927 this Act was supplemented by another providing for the repayment of co-operative societies' debts to the bank in the case of their dissolution.

An Act of 1930 provides for the establishment of a Dairy Control Board representing dairy farmers, together with the owners of butter and cheese factories and distributors. The Board is empowered to organise marketing to control the export of butter and cheese, to pay export bounties, to make advances, to make levies on home-produced and imported butter and cheese, and to fix minimum prices for butter and cream. The Act also provides for inspection, grading and testing, for the marketing of imported and farm butter and for payment according to butter fat content.

*Transvaal*.—Law on Agricultural Co-operative Societies, 1908.

Law, modifying the law of 1908 on Co-operative Societies, 1909.

*Orange Free State*.—Law on Agricultural Co-operative Societies, 1910.

Act to establish a Land and Agricultural Bank for the Union—June 22, 1912.

Act to amend in certain respects the laws in force in the Transvaal and the Orange Free State governing Co-operative Societies—July 1, 1914.

Act to amend the Land Bank Act—June 13, 1916.

Act to amend in certain respects the laws in force in the Transvaal

and the Orange Free State governing Co-operative Agricultural Societies—June 8, 1917.

Co-operative Agricultural Societies Amendments Act, 1919—June 17, 1919.

Act to amend the Land Bank Act—July 7, 1921.

\* Act to provide for the formation, registration, and management of Co-operative Agricultural Societies with unlimited liability, Co-operative Agricultural Companies with limited liability, and Co-operative Trading Societies with limited liability—July 19, 1922.

Wine-growers' Co-operative Association Act, 1924.

Act to amend the Land Bank Act—September 8, 1924.

Co-operative Societies Amendment Act, 1925.

Act to provide for the formation, registration, management and control of Agricultural Loan Companies and Rural Credit Societies and to extend the powers of the Land and Agricultural Bank of South Africa—June 8, 1926.

Act to make provision for the repayment of written-off debts owing to the Land and Agricultural Bank of South Africa by Co-operative Agricultural Societies, in the event of the dissolution of such societies—April, 1927.

Order amending regulations for Co-operative Societies and Companies—January 3, 1930.

Act further to amend the Co-operative Societies Act—March 11, 1930.  
Dairy Industry Control Act—1930.

## SOUTH-WEST AFRICA

### *(Mandated Territory)*

Co-operative legislation dates from the period of German possession. In 1922, it was recast on the lines of the Union of South Africa Act passed in the same year. The South-West African proclamation, however, varies in several particulars, especially with regard to the internal administration of co-operative societies. It does not appear that any equivalent of the amendment of 1925, providing for compulsory marketing, applies to South-West Africa.

The Act of 1922 is of a general character, and provides in separate sections for co-operative agricultural societies with unlimited liability, for co-operative agricultural companies with limited liability, and for co-operative trading societies with limited liability. Organisations of these several types may engage in marketing, manufacture, purchase, production, packing, credit, banking, insurance. Federal companies with limited liability are provided for, and societies may enter into shareholding and other relations with one another. The word "co-operative" is protected, and its use compulsory. Membership is confined to farmers in the first two classes of organisation. In the case of unlimited societies, each member has one vote; in the case of limited societies, members may acquire not more than two additional votes for business done with the society. A society may fine members for failing to sell produce through the society. Provisions for stringent marketing contracts are made in the rules. Co-operative bodies are exempt from stamp duty, and need not obtain a licence to trade. The Government has the right of inspection. Dissolution may take place voluntarily, or by order of the Council, or in the event of the society ceasing to fulfil the requirements of the Act. A liquidator is appointed. Any remaining assets are distributed amongst the members. Rules are drawn up by the society itself on lines laid down in the Act.

In the case of unlimited societies, there is no fixed capital, but the society is financed by "capital funds, including loans, and revenue funds, including reserve." No loan exceeding £100 may be raised without the approval of a two-thirds majority. In the case of limited societies, capital varies according to shares; all shares must be of one class. No loan exceeding half the share capital may be raised without a two-thirds majority approving.

In unlimited societies, no division of profits, in the form of a bonus, etc., may take place except on the dissolution of the society. In a limited society, the reserve fund must not be distributed, except on dissolution. Dividend may be used to pay off calls on shares.

\* Co-operative Agricultural Societies Proclamations, 1922 and 1924.

\* Co-operative Agricultural Companies Proclamations, 1922 and 1924.

\* Co-operative Trading Societies Proclamations, 1922 and 1924.

Extension of the Land and Agricultural Bank of South Africa operations to mandated territory in South-West Africa—Act of Union Act, 1921—Amending (South-West African) Proclamation 1925, and other proclamations liquidating the Landwirtschaftsbank für Südwestafrika.

#### BECHUANALAND PROTECTORATE

Co-operative societies are registered under the Co-operative Agricultural Societies Act of 1910, which provides for bodies engaged in marketing, manufacturing, irrigation, purchasing of equipment, etc., and insurance. There are no special provisions for federation. The word “co-operative” is compulsory, but not protected. Liability is unlimited. Members must be farmers; each member has one vote only. Funds are derived from entrance fees, but not apparently from share capital. The society may raise money on loan, but no loan may exceed £100 without the sanction of a two-thirds majority. Profits may not be divided amongst the members. Societies require no licence to trade; their accounts must be submitted to the resident Commissioner. A society may be dissolved (a) with the consent of two-thirds of the members, in which case any reserve is distributed amongst the members; (b) if the membership falls below the minimum figure; (c) by order of the Courts, in such circumstances and with such consequences as would attend similar

action in the case of a limited company. Model rules are provided, all or any of which may be adopted by societies.

Co-operative Agricultural Societies Act, 1910.

#### SWAZILAND

An Act was passed in 1931 providing for the formation of "co-operative societies with unlimited liability, co-operative agricultural companies with limited liability, and co-operative trading societies with limited liability." The term "limited liability" includes "contingent liability." A Registrar is appointed. The minimum membership of the first and second type is seven, and of the third twenty-five, unless the society is engaged in manufacturing or disposing of any commodity co-operatively, when seven is sufficient. In the case of a co-operative agricultural company collective membership by corporate or unincorporated bodies is also permitted. Membership is limited to agriculturists except that societies for co-operative farming may accept members not previously engaged in agriculture. Co-operative agricultural societies with unlimited or limited liability may carry on marketing, processing, supply of requirements, hire of machinery or breeding stock, undertake agricultural education, acquire and hold property, recruit and supply labourers to members, raise loans, carry on co-operative banking and insurance, take shares in other co-operative organisations with limited liability, make advances on members' produce received, and carry on co-operative farming. Societies may also handle the produce of State-owned institutions which shall receive all the privileges of members' produce and shall in addition be in all cases paid for in money. Other business with non-members is prohibited. If, however, the Resident Commissioner considers that a society handling tobacco could suitably market

the entire crop, especially if 75 per cent. of the producers handling 75 per cent. of the crop are already members of the society, he may make it compulsory for all producers to market through it.

Co-operative trading societies with limited liability may carry on any business trade or manufacture provided profits are distributed to members according to the regulations after allocation to reserves and to educational or charitable purposes. It is specifically stated that such a society may carry on building and savings-bank societies, banking and insurance. It may not trade on behalf of non-members or deal in the agricultural business reserved for the previous types of society. It is made an offence to carry on an unregistered co-operative society of any type or to use the word "co-operative" in conjunction with the words "agricultural" or "trading." In co-operative agricultural companies carrying on collective farming, interest on shares shall not exceed 8 per cent. and after allocation to reserve all further profits shall be divided equally among members. In the case of other societies these points are covered by model rules which are from time to time issued by the Resident Commissioner. These provide also for admission and resignation of members, voting, conduct of meetings, accounting and auditing, etc. Societies may make their own rules provided they do not conflict with the model rules. All alterations of rules must be passed by a two-thirds majority of members. Societies may amalgamate. Societies with unlimited liability need not have shares and may not distribute their profits or other funds except in the event of dissolution; they may not borrow more than £100 without the consent of a two-thirds majority. Liability continues for a year after withdrawal. Societies with limited liability issue shares at least 10 per cent. paid up. Dividend or bonus is applied to paying off unpaid calls on shares. No loan exceeding half the

issued capital may be raised without the consent of a two-thirds majority. Societies are managed by a Board of Directors elected at a general meeting. The quorum at general meetings is 10 per cent., or in the case of companies and trading societies of over 200 members 2 per cent. of all members over 200. General meetings may be held in sections, that is to say at different places and on different days, in the case of scattered membership. In societies with unlimited liability each member shall have one vote. In other societies additional votes not exceeding two may be conferred in proportion to business done with the society. Proxies may be permitted by the rules. Audit is carried out annually by a person approved by the Registrar. Societies may be dissolved voluntarily by a two-thirds majority or by order of the Courts if they become inactive or membership falls below the minimum number. Liquidators are appointed by the Registrar. Any remaining assets are distributed in proportion to business done during the last five or fifteen years. Societies may impose fines on members for (among other things) failure to deliver produce to the society and the burden of disproof shall lie with the member. Societies are exempt from income tax (except on investments and this only if the society is making a profit), auction duties, licence duties in respect of turnover or capital and similar taxation. Any society which is authorised to trade with non-members is taxed on such trade.

An amendment to the Land and Agricultural Loan Fund Act was passed in March, 1930. It includes in the objects of the fund the promotion of agricultural industries, the purchase of land, and the financing of co-operative societies or companies in the form of cash credit accounts up to the value of requirement purchased during the year or 60 per cent. of the value of farm produce sold. Advances are made on request following a decision by a two-thirds majority of the members, who must offer the



security of joint and several liability, with in some cases additional security. Interest is at  $5\frac{1}{2}$  per cent.

Proclamation to provide for the formation, registration and management of Co-operative Societies in Swaziland with unlimited liability, Co-operative Agricultural Companies with limited liability and Co-operative Societies with limited liability—March 12, 1931.

Proclamation further to amend the Land and Agricultural Loan Fund Proclamation, 1929—March 13, 1931.

## SOUTHERN RHODESIA

Co-operative agricultural societies Ordinances have existed since 1909, and have been several times amended. In 1925, a special Agricultural Co-operative Act was passed. It makes no provision for federation. The word "co-operative" is protected. Liability is limited in all cases. Only persons carrying on farming operations are eligible for membership. There is no limit to members' shareholdings. Members are obliged to subscribe progressively in proportion to their business. The system of voting is a complicated one:

Under 50 shares . . .	1 vote	} and, in addition, 1 vote for every £100 credit for produce (other than, say, maize, tobacco, and cotton) delivered during preceding financial year, up to a maximum of 8 votes.
50-99       " . . .	2 votes	
100-149     " . . .	3 votes	
150-299     " . . .	4 votes	
300-499     " . . .	5 votes	
500 and over . . .	6 votes	

Shares are issued on the same basis as for a joint stock company under the Union Act. The maximum rate of interest is to be laid down by regulation, but is not to exceed 10 per cent. There are also provisions with regard to the formation of a reserve and the distribution of remaining profits. Provision is made in the model rules for the compulsory supply of produce, also for

pooling and pool payments. The Act provides for fines to be imposed on members who fail to sell produce through the society. There is no mention of Government loans, remission of taxation, or Government supervision.

Co-operative Agricultural Societies Ordinances, 1909, 1911, 1917, and 1919.

Land Bank Ordinance, 1924 and 1925.

\* Co-operative (Agricultural) Companies Ordinance, 1925.

## NORTHERN RHODESIA

A co-operative societies Ordinance became law in 1914, which, with some minor amendments in 1918, still regulates the position. It is a general Co-operative Act, without special agricultural application. Societies may hold shares in one another; otherwise no special provisions for federation are made. The word "co-operative" is not protected. Liability is limited in all cases. Membership is open; the maximum shareholding is fixed at £800; voting is according to the rules. A society's funds are derived from shares; it may also raise money by mortgages or investment. The transfer of shares is regulated by the rules. The disposal of profits is fixed by the rules. A society's privileges are corporate existence, a lien on the shares of debtor members, and remission of stamp duty. Societies are subject to Government inspection. A society may be dissolved by the consent of three-fourths of the members, or following an order to wind up under the Companies Acts. Rules are drafted by the society itself, and cover voting and shareholding rights, disposal of profits, etc.

Co-operative Societies Ordinance, 1914, amended 1918.

## KENYA

An ordinance was issued in 1931 providing for the registration of co-operative societies engaged in the marketing of agricultural products, including processing, warehousing and manufacture, or in the purchase of farm supplies or livestock, or in credit, finance, insurance or other co-operative activities. A Registrar is appointed. The minimum membership is seven. Existing companies may register as co-operative societies providing their rules and objects are suitable. The use of the word "co-operative" is compulsory and protected. Societies may have limited or unlimited liability. In the case of the latter no member may own more than one-fifth of the capital, be a member of more than one unlimited society or have more than one vote. In the case of societies with liability limited by share or guarantee, shareholding and voting may be modified by rule. Societies' accounts must be audited annually by an auditor approved by the Registrar and not a member of the society. Societies have corporate existence ; rules are binding on members and may not be held to be in restraint of trade. Fines may be imposed for failure to deliver produce to the society and the burden of disproof lies with the member. Fines may be paid out of money due to the member. In societies with unlimited liability, the liability of retiring members continues for two years unless the society has in the meantime concluded a year's trading with a credit balance. The liability of heirs continues for one year with the same exception. Dissolution may be voluntary, by a two-thirds majority at a meeting called for the purpose or by order of the Court if membership falls below the minimum or the society becomes inactive.

Model rules are laid down which are, however, optional in character and provide alternatives in several particulars. They

provide that members should be bona fide farmers, that capital should consist of loans, shares and reserves, and that members may resign at the end of any financial year provided three months' notice has been given. A member retiring from farming may cede his interest in the society to a member of his family. Liability may be joint and several or limited. Societies are governed by a board of directors who may or may not be paid. Each member has one vote and no proxies are permitted. A contract to deliver all produce to the society is contained in the rules and members are in addition obliged under penalty of a fine to supply particulars of their crops. Payment is to be made by way of an advance followed by a further payment after the produce has been sold; this may or may not be an average price. Profits are used for depreciation, reserve and ultimately dividend to members. All transactions must be for cash.

An amendment was passed in 1932 by which timber is included as an agricultural product, and the Government is given certain rights of inspection.

Ordinance to provide for the Registration of Co-operative Societies—September 8, 1931.

Amendment to the Co-operative Societies Ordinance—May 26, 1932.

## ZANZIBAR

The Clove Growers' Association, a semi-official co-operative society dealing with credit and marketing, was controlled by special decrees, consolidated as to advances on produce by a Decree of 1931, until the end of 1932 when co-operative legislation based on Indian precedents was drafted and a Registrar appointed to administer both credit and marketing organisation under it.

Transfer of Agricultural Produce Decree—1931.

## TANGANYIKA TERRITORY

An Act was passed in 1932 appointing a Registrar of co-operative societies. A co-operative society is defined as one "which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established for the purpose of facilitating the operations of such societies." Liability may be limited or unlimited, but in the case of a credit society the latter, and in the case of a society of which another registered society is a member, the former is compulsory. The minimum number of members is ten except where a registered society is a member. In the case of credit societies members must live in the same district and belong to the same tribe, class or occupation. No individual member may hold more than one-tenth of the total share capital. No individual may be a member of more than one society with unlimited liability. Each individual member shall have one vote. The voting of registered societies is settled by the rules. Members of societies with unlimited liability may only transfer their shares after one year and to the society or one of its members. Retiring members are liable for the debts of the society for two years and the estate of deceased members for one year. The shares of deceased members may be transferred to their heirs or the latter may receive the value of the shares in cash.

The accounts of societies are audited annually by the Registrar who has general rights of inspection. Societies are bodies corporate. Societies have a first claim on the property of debtor members after the Government and the landlord; they have a charge on the share or other interests of debtor members in the society but members' shares are not liable to attachment for outside debts. Societies are exempt from compulsory registration of instruments. The Governor may further exempt

societies from payment of income tax, stamp duty and registration fees.

Societies may not loan to non-members unless they are registered societies, and societies with unlimited liability may not lend on the security of movable property. Loans on immovable property may also be restricted by order of the Governor. Deposits and loans may be received from non-members as far as the rules permit. Funds may be invested in approved Government securities, banks and other registered societies.

Societies may make marketing contracts with members either by rule or separate document with provision for liquidated damages. The contract creates a first charge in favour of the society on the product in question. The contract runs with the land and together with the shares in the society is transferable to an incoming occupier. It is made an offence to solicit violation of such a contract and damages are payable to the society. Any society marketing 75 per cent. of a given product for 75 per cent. of the producers in any area may apply for compulsory powers to handle the entire product. Those who have hitherto not been members become members on the same terms and their shares or other obligatory payments are deducted from sums due to them.

All societies must have a reserve fund, to which societies with unlimited liability shall pay one-quarter of the profits and those with limited liability such sums as the rules provide. No society shall pay a dividend to members exceeding 10 per cent. and no society with unlimited liability shall pay a dividend for ten years. A sum not exceeding 10 per cent. of the balance may be given to an educational or charitable purpose and the balance may be distributed among members in accordance with rules.

Societies may be dissolved by the Registrar after an enquiry on the application of three-fourths of the members or because

the membership has fallen below ten. A liquidator is appointed who decides on the distribution of any remaining assets. The Governor in Council may make rules subject to the provisions of the Act regarding shareholding, admission of members, meetings, committees, distribution of profits, etc. He may also exempt societies from provision of Ordinance. The use of the word "Co-operative" is protected.

Ordinance relating to the Constitution and Regulation of Co-operative Societies—February 12, 1932.

## ANGLO-EGYPTIAN SUDAN

Companies Ordinance—1925.

## GOLD COAST

An Ordinance regarding co-operative societies was enacted in 1931. It provides for the appointment of a Registrar and assistant registrars and for the registration as a co-operative society of any society "having for its object the promotion of the economic interests of its members in accordance with co-operative principles." Liability may be limited or unlimited. There must be at least ten members who own or occupy land in the district. No person shall be a member of two or more societies with unlimited liability without the approval of the Registrar. In a society with limited liability no member shall hold more than one-fifth of the share capital, or less if the rules provide. Each member has one vote only. Shares may only be transferred to the society or a member of the society. Registered societies are bodies corporate. Debts by members to the society are a first charge on the shares, interests or deposits of a debtor member in the society. Members or their heirs shall

be liable for the debts of the society for two years after their membership ceases. The Governors may remit stamp duty and registration fees.

Societies may make loans to members and, with the consent of the Registrar, to other societies. Loans shall not be on the security of immovable property and only with special permission on movable property. Societies may receive deposits from members and borrow from non-members under certain restrictions. No distribution of profits may be made by a society with unlimited liability unless reserve fund and interest on loans have reached a certain level. Societies with limited liability after allocations to reserve may distribute profits to members in accordance with their rules. An annual audit must be carried out by a person not an officer of the society, and the Registrar may undertake an audit and must make an enquiry on the application of a majority of the committee or one-third of the members, or on application by a creditor of the society. A society may be dissolved (1) after an enquiry by the Registrar, (2) by application from three-quarters of the members. It may be cancelled if membership has fallen below ten. In the case of dissolution, a liquidator is appointed. Disputes are to be referred to the Registrar for decision.

The Governor in Council may make rules for societies which shall cover the manner of making loans to members and the rates of interest, the manner in which capital shall be raised, procedure of general meetings and committees, distribution of profits (interest on share capital shall not exceed  $7\frac{1}{2}$  per cent.), accounts to be kept (different methods laid down for credit societies and distributive and product societies), etc. The use of the word "co-operative" is only permitted with the approval of the Governor.



## SIERRA LEONE

A co-operative societies Ordinance, based on the Gold Coast Ordinance, was drafted ready for enactment at the end of 1932 and a Colony Development Committee appointed to promote organisation under the Ordinance.

A draft Act provides for the assumption of the duties of Registrar by the Registrar-General of the colony. A Board of Supervisors is also constituted from official elements and exercises the right of supervision, annual inspection and dissolution. Members at registration may not be less than twelve or more than twenty-five. Liability is unlimited. Societies may borrow money at 5 per cent. or under for purposes of re-loan. All loans to members must be for agricultural purposes. Societies may not borrow from more than one source without the consent of all previous lenders. Model rules are provided. Membership is open but new members are only admitted on the recommendation of two members and by a three-fourths vote. Members take up one share which does not bear interest. After two years members may withdraw at six months' notice if they are not indebted to the society. Shares may not be refunded but may be transferred to the heirs of deceased members. Liability continues two years after withdrawal. The society is controlled by the general meeting which meets twice a year and elects the management committee. Each member has one vote. Loans to members may be from six months to four years according to the duration of the operation. They may be secured by personal guarantee or on growing crops. Loans are confined to members. Interest is fixed at 2d. per £ per month (10 per cent.). A reserve fund must be formed into which all profits are paid until it equals one-fifth of the working capital as shown on the balance sheet. No profit shall be divided among members. On dissolution the

reserve fund shall be used for the formation of another society or for a similar public purpose. Dissolution is by consent of five-sixths of the members.

Friendly Societies Ordinance—1924.

## MAURITIUS

Co-operation in Mauritius is regulated by a Co-operative Credit Ordinance passed in 1913 and several times amended. Specific ordinances have since been passed establishing planters', stock-breeders' and hemp-growers' syndicates. It is not indicated whether or to what extent these are co-operative organisations.

The ordinance of 1913 relates to co-operative credit associations, but it was amended in 1916 so as to give power to societies to make contracts with their members for the sale of agricultural products. There are no provisions for federation. The word "co-operative" is not protected. Societies may be limited or unlimited according to the rules. There are no limitations on membership. In the case of unlimited societies, members have only one vote. In the case of limited societies, members may have as many votes as laid down by the rules. The maximum number of shares that may be held by a member of a limited society is one-fifth of the total or 1,000 rupees, or less according to the rules. Members may withdraw, but they or their heirs continue liable for their obligations for one year after withdrawal. The society may receive unlimited deposits from members, but may only lend to or borrow from non-members if and as the rules permit. Shares may not be transferred till the member has held them for one year, and then only to the society or its members. One-fourth of the net profit must be paid into the

reserve, the remaining profits may be distributed as dividend amongst the members. There are no regulations with regard to contracts except those implied in the amendment (1916) quoted above. The society may be exempted from stamp duty and registration fees by proclamation of the Governor. Members' shares are not liable for their debts. After the Government, etc., the society has first claim on its members for payment of debts. There is Government supervision of accounts. The Registrar may dissolve the society after enquiry or on the appeal of three-fourths of its members. An appeal is allowed against his decision. The Registrar appoints a liquidator. The Governor in Council is authorised to make rules regulating all points of detail.

The Companies Ordinance, 1912, does not apply to societies under this ordinance.

\* Ordinance to provide for the constitution and control of Co-operative Credit Societies—July 12, 1913.

Ordinance to amend the Co-operative Credit Ordinance, 1913—December 4, 1915.

Ordinance to amend the Co-operative Credit Societies Ordinance, 1913—August 31, 1916.

Ordinance to provide for the establishment and working of a Planters' Syndicate—July 5, 1919.

Ordinance to provide for the establishment and working of a Planters' Syndicate—August 27, 1920.

Ordinance to authorise the Incorporation of a society, the Mauritius Stockbreeders' Association—November 20, 1920.

Ordinance of 1921 to provide for the establishment and working of a Planters' Syndicate—August 1, 1921.

Ordinance to provide for the establishment and working of a Planters' Syndicate—March 14, 1924.

Ordinance to extend to Rodrigues the Ordinance of 1913 on Co-operative Credit Societies—March 29, 1924.

Ordinance to provide for the establishment and working of a Hemp Syndicate—October 31, 1925.

## BARBADOS

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Rule made under Article 31 of the Co-operative Credit Societies Ordinance, 1913—April 10, 1926.

Ordinance to provide for the establishment and working of a Tobacco Growers' Association—March 31, 1928.

Ordinance to provide for the establishment and working of Planters' Syndicates—May 14, 1929.

## SEYCHELLES

Co-operative Credit Societies Enactment—1923.

## BRITISH WEST INDIES

Agricultural credit legislation, closely modelled on Indian Acts, exists in many of the islands of the West Indies. A list of enactments is given below. The Industrial and Provident Societies Act has also been applied to several of the islands. Legislation of a more distinctive character exists in Barbados, Jamaica, and Trinidad and Tobago.

## BARBADOS

A Co-operative Sugar Factories Act was passed in 1890, and has been several times amended. It provides for contracts not exceeding forty years in duration for the delivery of raw sugar to a co-operative factory to be manufactured. It also exempts the first factory to be constructed from duty on imported machinery and tramways. In 1917, co-operative sugar factories were further exempted from trade tax. Co-operative societies in Barbados may also register under the Industrial and Provident Societies Acts.

Co-operative Factories Enactment, 1890, revised 1912 and 1913.

Sugar Industry Agricultural Bank Enactment, 1907, revised 1913, 1918, 1921, and 1922.

Central Sugar Factories Enactment, 1911, revised 1912 and 1913.

\* Agricultural Credit Societies Enactment, 1924.

Act to amend the Agricultural Credit Societies Act—1930.

Act to amend the Agricultural Credit Societies Act—1931.

## JAMAICA

A Co-operative Marketing Law was passed early in 1928. It is not concerned with the constitution and general management of co-operative societies, but with the legalisation of marketing contracts. The term "co-operative association" is defined as including the Jamaica Banana Producers' Association Ltd., also any society registered under the Industrial and Provident Societies Law, 1902, and any company incorporated under the Company Law whose principal object is the co-operative marketing of Jamaican produce. The law provides for marketing contracts and for the payment of fines or liquidated damages on the breach of such contracts. It makes third parties liable to punishment for inducing persons to break their contracts and gives co-operative societies power to secure an injunction restraining threatened breach of contract. It is laid down that contracts shall run with the land mentioned therein and create a charge on the produce derived from it. Co-operative marketing contracts shall not be considered as illegal or in restraint of trade. A register of contracts open to public inspection shall be kept by the co-operative society concerned.

\* Industrial and Provident Societies Law, 1902.

Agricultural Loan Societies Enactment, 1912, revised 1914 and 1920.

Co-operative Marketing Protection Association Law, 1928.

## TRINIDAD AND TOBAGO

An Ordinance relating to agricultural co-operative societies was passed in June, 1931. It provides for the appointment of a Registrar and for the registration of societies having for their object the economic and agricultural interests of their members in accordance with co-operative principles. Liability may be limited or unlimited. The latter is compulsory in the case of a credit society. Liability continues for three years after membership has ceased. In the case of a limited society with shares, no member's interest may exceed one-fifth of the share capital, or £100. Members of a credit society must belong to the same district. The minimum membership is twelve. Each member has one vote only. Shares may be transferred only to members of the society or to persons approved for membership. The society shall be audited annually by the Registrar or a person appointed by him. The Registrar may also inspect societies. Societies may amalgamate or transfer their obligations to other societies. Societies are bodies corporate. Subject to claims of the Government and landlords, they have a first charge on the agricultural stock of debtor members, also upon the interest of the member in the society. Societies may not make loans to non-members; societies with unlimited liability may not lend money on security of personal property; any society may lend on mortgage. Societies may receive deposits from non-members, as permitted by the bylaws. Interest on shares is limited to 6 per cent. After contributions to reserve (at least 10 per cent. net profits) remaining surplus may be distributed, in the case of a limited society after ten years and in accordance with the bylaws, in the case of an unlimited society with the consent of the Governor. Societies may establish a provident fund. Societies may be wound up by the

Registrar if in his view the society is not working satisfactorily, if membership has fallen below twelve, or on request of three-fourths of the members. A liquidator is appointed by the Registrar. Surplus assets must not be divided among members, but must be devoted to public or charitable work. Disputes shall be referred to the Registrar for arbitration. The use of the word "co-operative" is limited to registered societies and existing businesses.

Rules for agricultural co-operative societies have been issued by the Governor, which deal with the limits of societies borrowing, whether by deposits or otherwise, methods of book-keeping and drafting of bylaws to which many internal matters are referred.

Agricultural Bank Enactment, 1925.

Agricultural Credit Societies Enactment, 1925.

\* Agricultural Co-operative Societies Ordinance—June 22, 1931.

## ST. LUCIA

Agricultural Credit Societies Enactment, 1916, 1917.

Act to amend the Agricultural Credit Societies Enactment—June 6, 1931.

## ST. VINCENT

Agricultural Credit Societies Enactment, 1924.

## BRITISH GUIANA

Co-operative credit banks are provided for in the legislation of British Guiana ; these, however, differ from those provided for in West Indian legislation in being of the type of limited liability companies.

Local Government (Banks Committee) Ordinance, 1914.

\* Ordinance to provide for the establishment and regulation of Industrial and Provident Societies—1931.

## INDIA

The earliest co-operative legislation in India took the form of an Act dealing with credit societies and passed in 1904. It applied to British India as a whole.

In 1912, a general Act was passed "amending the law relating to co-operative societies," which applied to all provinces. It is a general co-operative Act to further "the economic interests of members conformable to the principles of co-operation," and it would appear to have been drafted with special reference to credit societies. One society may be member of another. The word "co-operative" is protected, but existing businesses may continue to use it. Liability is limited if the society has a registered society as one of its members. If this is not so and if it is a credit society for agriculturists, it is not limited. In the case of an unlimited society, a member's liability continues for two years after he has ceased to be a member; the liability of his heirs continues for one year. In the case of a credit society, members must be of the same village, caste, tribe, or occupation; otherwise membership is open. In unlimited societies, each member has one vote. In limited societies, voting is according to the bylaws. Societies members of another society have votes according to the number of their shares. No borrowing from or loaning to non-members is permitted, except as directed by the rules. Dealing with non-members in other respects is restricted by the local government. Shares in an unlimited society are transferable only after a year's possession, and to the society or one of its members. At a member's death his share may be



transferred to his heir, but in the case of a society with unlimited liability, the heir may claim the value of his share in cash. In limited societies, each member's holding is limited to one-fifth of the total, or 1,000 rupees. Other methods of raising funds are fixed by the local government. The society may invest in certain specified Government and other securities. One-fourth of the net profit must be paid into reserve, after which the surplus may be distributed according to the bylaws. In the case of an unlimited society no profits may be distributed without special Government consent. A society has the privilege of existing as a corporate body. It has priority of claim on debtors after the Government and the landlord. It has also the right to retain payments (bonuses, etc.) due to debtor members. A member's share or interest is not subject to seizure for the payment of his external debts in the case of insolvency. Societies' accounts must be audited annually and are inspected by the Registrar. By decision of the Governor in Council societies may be exempt from the payment of income tax, stamp duty, or registration fees. Societies are dissolved by the Registrar if the membership of the society has fallen below ten, or it fails otherwise to comply with the regulations, or at the request of three-fourths of the members. An appeal against the dissolution may be made within two months. The Registrar appoints a liquidator to satisfy claims or dispose of assets. Laws are drawn up by the local government, which determine the scope of the bylaws.

As far as the majority of the Provinces are concerned this Act still remains in force. Special rules have been passed for Assam (1912), the United Provinces (1919), and the Central Provinces and elsewhere. In 1919 co-operation became a transferred subject, thus coming within the scope of provincial legislation and since that date amended Acts have come into force in Bombay, Burma, and Madras.

In 1912, contemporary with the Co-operative Societies Act, an Act was passed to regulate provident insurance societies. This provides for the registration of societies and for a measure of control and inspection. It does not insist on co-operative forms or procedure.

Co-operative Credit Societies Act—1904.

\* Act to amend the law relating to Co-operative Societies—March 1, 1912.

Act to provide for the regulation of Provident Insurance Societies—March 18, 1912.

Indian Companies Acts—1913.

Act to amend the Indian Companies Acts—1920.

Act to extend the existing facilities for the investment of the funds of local bodies with Co-operative Banks—January 12, 1924.

## BOMBAY

In 1925, the province of Bombay passed an amended Act. The points in which it differs from the foregoing are as follows :

Marketing, purchase, production, and consumption are stated as amongst the objects for which societies may be formed. There is provision for amalgamation, with or without division of funds. The maximum holding of a member is raised to 3,000 rupees, or 10,000 in the case of a building society, but the proportion of one-fifth of the total remains the same. Members of all societies, whether limited or unlimited, have only one vote. In the case of "resource" and producers' societies, one-fourth of the net profit must be paid into reserve. Other societies need only pay one-tenth. The dividend paid to members on shares must not exceed 10 per cent. The surplus may be divided amongst the members according to the rules. In the case of a "resource society" (*i.e.*, "one for obtaining credit, goods, or services for its members") which is unlimited and without share

capital, no distribution of profits may be made without a Government order. In the case of a similar society with shares, it may not be made for ten years. A provident fund may be established out of surplus. Trade with non-members is limited by the Government rules. Loans to non-members are only possible with special permission, but the receipt of deposits or loans from non-members is usual within certain limits. There are rules for arbitration in case of dispute, but no specific machinery for marketing contracts.

To the privileges of societies are added (1) exemption from income tax and from compulsory registration of instruments relating to shares and debentures; (2) Government loans and Government guarantee of the interest on debentures issued by societies.

In the case of liquidation, any remaining assets are not to be divided amongst the members, but used for objects of public utility, charity, or the funds of the Central Co-operative Institute or Bank, or for some future co-operative society in the same district. The Government may delegate the power of making rules.

This Act supersedes, or in part replaces, the Indian Companies Acts, the Co-operative Act of 1912, the Devolution Act and the Bombay Land and Revenue Code.

Act to consolidate and amend the law relating to Co-operative Societies in the Presidency of Bombay—November 18, 1925.

#### BURMA

An Act was passed in 1927 to consolidate and amend the law relating to co-operative societies in Burma. It resembles the Indian Acts and is principally directed to providing for credit societies, though other forms are not excluded. The use of the

word " Co-operative " is confined to societies registered under the Act and to businesses already existing. Membership of societies is open, but in the case of credit societies members must live in the same district or be of the same caste, tribe, occupation, etc. Each member has one vote except societies which are members. Liability may be limited or unlimited, but agricultural credit societies must be with unlimited liability, and in the case of limited societies no member (other than a society) may hold more than one-fifth of the share capital or 1,000 rupees. Liability may be fixed by rule. It continues, with certain modifications, for two years after the resignation or death of a member. Shares are transferable (1) on the death of a member to his nominee ; (2) on the retirement, expulsion or insanity of a member to an appropriate person, on payment of their value by the society to the former member ; (3) voluntarily by a member of at least one year's standing to a transferee approved by the society. In the event of the liquidation of a member society, its shares may be transferred to another society. Members' shares are not liable to attachment or sale for their private debts. The society, however, has a charge on the shares and other funds due to its members for the satisfaction of any debts which they may contract to the society. Inspection and an annual audit by the Registrar's staff are compulsory. Societies may be exempted from stamp duty and registration fees, also from registration of instruments relating to shares. Loans may only be made to members or to other co-operative societies. Borrowing from non-members is limited. Funds may be invested in Government, or other approved securities, in banks or in other co-operative societies. Provided a quarter of profits is placed to reserve, the remainder may be divided according to the rules, but in the case of unlimited societies, the consent of the local government is required. Societies may be wound up at the discretion of the

Registrar and a liquidator appointed to take charge of all further proceedings.

Co-operative Societies Act—1927.

#### MADRAS

An Act amending the All-India Co-operative Societies Act was passed in 1932. It defines the purpose of co-operative organisation as "the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production." A Registrar is appointed. Liability may be limited or unlimited, but the former is compulsory where the society has another registered society as member and the latter where credit is to be granted. Subject to these conditions and to an option to dissentient members to resign within three months, societies may freely change the form of their liability. The maximum individual shareholding is fixed at one-fifth of the total or 1,000 rupees. The minimum number of members is ten, who in the case of a credit society must all come from the same district and be of the same tribe, class, caste or occupation. Societies may divide or amalgamate by resolution passed at two successive meetings on the second occasion by a two-thirds majority. Dissentient members may resign. Each member has one vote only. Shares may be transferred, but in the case of societies with unlimited liability only after one year, and to the society or a member. The liability of retiring members or of the estate of a deceased member continues for two years. Shares may be transferred by the society to a member's heir, or the latter may be paid off by the society. Societies are bodies corporate. They have a prior claim on debtor members and may have a charge on shares and other

investments of the latter. Such investments, however, are not liable for attachment for outside debts. Societies are exempt from the registration of certain instruments. The Governor-General may exempt them from the payment of income tax, stamp duty and registration fees. Local governments may make loans, grants, etc., and take shares in societies.

Societies may only make loans to members or to other registered societies, unless with the permission of the Registrar. Without such permission loans may not be made on moveable property except agricultural produce. Mortgage loans may be restricted by the local government. Societies may invest in Government and trustee securities, in banks and in other registered societies with limited liability. At least a quarter of profits must be placed to reserve, after which 10 per cent. of the remainder may be voted to charitable purposes and the rest distributed in bonus to workers or members in accordance with the rules. Societies must be audited annually by the Registrar, who may also make special enquiries when he sees fit or by request of the society and may inspect books. The Registrar may, if he sees cause, supersede the committee of a society for not more than two years and substitute official directors. The Registrar also acts as arbitrator in case of disputes. He may annul the proceedings of a subordinate after enquiry. A society is dissolved by order of the Registrar, at the decision of a three-fourths majority of the members or if the numbers fall below ten. A liquidator is appointed, and any remaining assets are distributed at his direction. The use of the word "Co-operative" is protected except in the case of organisations formed before 1912.

The local government may exempt societies from specified provisions of the Act and may make rules, subject to the general provisions of the Act, dealing with membership, shareholding, meetings, committees, division of profits, etc.

Act to amend the Co-operative Societies Act, 1912 (Rules)—November 28, 1920.

Act to consolidate and amend the law relating to co-operative Societies in the Presidency of Madras—June 16, 1932.

## CEYLON

Co-operative societies are registered under an Act of 1921, drawn up on similar lines to the Indian Acts. It is of a general co-operative character. Societies may become members of one another. The word "co-operative" is protected, except in the case of existing companies. Liability may be limited or unlimited. The maximum shareholding, except in the case of a registered society, is one-fifth of the total. In unlimited societies, each member has one vote. In limited societies, voting is according to the rules. Members may transfer their shares to the society or one of its members, provided that they have held them for one year. A society's funds are derived from shares, entrance fees, deposits, and loans. Loans to and other dealings with non-members are restricted by the Government. Interest on shares must not exceed 9 per cent. ; one-fourth of the profit must be allocated to reserve, the remainder being distributed as the rules provide, subject to the consent of the Registrar, in the case of societies with unlimited liability. Societies are bodies corporate ; their accounts must be audited and the Registrar has rights of inspection ; stamp duty and registration fees are remitted. Societies have a prior claim on debt or members after the Government and the landlord, and a lien on their shares or interest. Shares in the society are not liable for attachment for the external debts of members. Societies may apply for Government loans. Societies may be dissolved on the application of three-fourths of the members or after enquiry by the

Registrar. A liquidator is then appointed by the Registrar. Rules are drawn up by the Governor-General, but the society may make its own bylaws.

This Act was amended in 1924. The Co-operative Ordinance of 1911 is repealed and the Joint Stock Companies Acts do not apply.

Co-operative Credit Societies Ordinance, 1911.

Co-operative Credit Societies Acts, 1921.

Co-operative Credit Societies Amendment Act—1924.

## MALAYA

A Co-operative Societies Enactment for the Federated Malay States was passed in 1922. Previous to that, only company law had been in existence.

The Enactment of 1922 is not specifically agricultural, but is intended to promote "thrift, self-help, and co-operation amongst agriculturists, artisans, and other persons with needs in common." It is largely adapted, however, to agricultural credit societies. One society may hold shares in another, and the creation of affiliated societies is contemplated. The word "co-operative" is confined to societies registered under this enactment, except in the case of companies, etc., existing before it became law. Generally speaking, liability may be limited or unlimited; in the case of a credit society it must be unlimited; in the case of a society of which another registered society is a member, it must be limited. The liability of a member continues for two years after he has ceased to be a member. No member, other than a registered society, may hold more than one-fifth of the shares of the society or \$1,000. In the case of societies with unlimited liability, each member has only one vote. When the



liability is limited, the number of votes is prescribed by the bylaws. The society's capital is formed first by the members' shares. The transfer or charge of these shares is limited by the regulations regarding the maximum holding of shares. In the case of societies with unlimited liability it is further limited to cases where the original holder has held it for at least one year, and the person to whom it is transferred is either the society itself or a member of it. Loans and deposits from non-members may be accepted by the society only as its rules provide. The maximum indebtedness of a society must be fixed by a general meeting each year. The society may issue bonds or debentures. One-fourth of the net profit must be placed to reserve fund. The remainder may be distributed as bonus according to the provisions of the bylaws. In the case of societies with unlimited liability, the consent of the Chief Secretary must be obtained. A dividend not exceeding 12 per cent. may be paid on shares. There are no provisions with regard to marketing contracts.

The legal privileges of a society are corporate rights, a lien on the shares of its members for the payment of their debts to the societies, priority of claim on its members for debts after the Government and the landlord, and inspection of accounts, etc, by the Registrar. The Chief Secretary may reduce or remit any duty or tax on profits and also remit the stamp duty. The registration of the society may be cancelled by the Registrar (a) after enquiry, (b) on the demand of three-fourths of the members. A liquidator is appointed to deal with assets and liabilities. If anything remains of the reserve fund, after the liquidation of liabilities, it shall be employed, (1) for the repayment of share capital; (2) for the repayment of interest on share capital; (3) as a donation to any affiliated society or to a new society which shall be formed in the district.

Rules were made by the Chief Secretary shortly after the

passing of the Act, dealing with the maximum number of shares, the procedure of applying for membership, the making of bylaws, administration, raising of funds, deceased members' estates, etc. The bylaws are left to the society itself, and deal with objects, membership, rights, and liabilities, the raising of capital, the rate of interest, and the disposal of profits.

The Enactment supersedes the Societies Enactment, 1913, and the Companies Enactment, 1917.

In 1924, an Ordinance to provide for the constitution and control of co-operative societies, together with rules for its application, was enacted for the Straits Settlements only.

The Societies Enactment, 1913.

An Ordinance to consolidate and amend the law relating to companies—November 30, 1915.

The Companies Enactment, 1917.

An Ordinance to re-enact and amend the law relating to Companies—August 17, 1923.

Co-operative Societies Enactment—June 28, 1922 (Federated Malay States).

An Ordinance to provide for the constitution and control of Co-operative Societies—November 3, 1924 (Straits Settlements).

Rules made by the Governor in Council under Section 47 of the Co-operative Societies Ordinance—December 3, 1924.

## KEDAH AND PERLIS

The Kedah Co-operative Societies Act, 1345 (A.D. 1927), is of a general co-operative character. The word "co-operative" is protected. Societies may become members of one another. Liability is limited where a society has another society as one of its members, unlimited in the case of rural credit societies. In the case of a credit society, members must be of the same village, nationality, occupation, etc. In unlimited societies, each member has one vote; in limited societies, voting is according

to the rules. The maximum shareholding is \$1,000 or one-fifth of the total. Shares may be transferred on certain conditions. A society may not loan to non-members, except to another society. Borrowing from non-members and other dealings with them are restricted by the rules. Profits must be divided, one-fourth to reserve, the remainder as the rules direct. Societies are liable to inspection and investigation by the Registrar. They are corporate bodies. Their privileges are exemption from registration fees, prior claim on debtor members after the Government and the landlord, a lien on the shares of debtor members. Shares are not liable to attachment for members' external debts. Dissolution may take place after an enquiry or at the request of three-fourths of the members. A liquidator is then appointed.

Rules for societies are drawn up by the President in Council.

The Societies Enactment of 1338 does not apply to societies registered under this Act.

Similar provisions exist in another of the unfederated states, Perlis.

Co-operative Societies Enactment, 1345 (1927).

## PALESTINE

The position in Palestine is regulated by the Co-operative Societies Ordinance, 1920, and certain other ordinances referring to credit banks, etc.

The Act of 1920 is of a general character. It provides for credit operations, purchase of raw materials for agricultural purposes and industrial purposes, sale of produce, purchase and sale of commodities, the acquisition and use of machinery, and building. One society may become member of another. The use of the word "co-operative" is protected and compulsory.

Liability may be limited or unlimited. Liability continues for two years after resignation and one year after death, also one year after the liquidation of a society. The minimum membership is ten. In an agricultural society, membership is limited to a certain area. The maximum individual shareholding is £E.500, or one-fifth of the total. The society may include associate members without financial liability or voting rights. In unlimited societies, each member has one vote. In limited societies, voting is according to the rules. Proxies are permitted. Shares may be transferred as provided in the rules. In the case of unlimited societies, they may only be transferred to the society or a member of the society. The society's powers of loan and mortgage are subject to Government restriction. No loans may be made to non-members and borrowing from non-members is restricted. With regard to profits, one-fourth must be paid into reserve, and the remainder may be divided according to the rules, with the proviso that the Government's consent must be obtained in the case of an unlimited society. There are no provisions for marketing contracts. The society is a corporate body; it has a prior claim on members after the Government and the landlord, also a lien on the shares of debtor members; shares and interest are not liable to attachment for a member's external debts. Societies are exempted from certain taxes, and the registration fee is reduced if they deal with members only. An annual audit must be carried out and the Registrar has rights of inspection. The registration of a society may be cancelled by the Registrar after enquiry or at the request of three-fourths of the members. A liquidator is then appointed.

Societies draw up their own rules on lines indicated by the Act. They are then submitted to the Registrar.

By the Banking Ordinance of 1920, societies are permitted to become bankers. Fresh legislation is under consideration.

An Act of 1927 exempts co-operative societies from stamp duty.

Co-operative Societies Ordinance—October 15, 1920.

Credit Banks Ordinance—1920.

Instructions to the Co-operative Societies Ordinance—1922.

Debentures Ordinance—1924.

Stamp Revenue Act—November 1, 1927.

## CYPRUS

The first Co-operative Law was passed in 1914. It aimed at the formation of agricultural credit societies. No provisions are made for federation. The use of the word "co-operative" is compulsory for all societies registered under the Act, but is not apparently prohibited to other organisations. Liability is limited in all cases, and extends for two years after a member's resignation, and for one year after his death. Membership is limited to agriculturists. Each member has one vote only. Funds are derived from members' deposits and Government loans. All profits, besides interest on deposits, must be paid to the reserve fund. The society must not borrow except from members and the Government. Amongst a society's privileges are corporate existence, inspection of accounts by the Registrar, remission of stamp duty and registration fees, prior right of collecting debts from members over all except the Government and the landlord, Government loans at 4 per cent. on the security of the society and additional mortgage and 5 per cent. on the security of the society only. In the case of the dissolution of a society, the Registrar appoints a liquidator. Anything remaining from the reserve fund is to be used for some useful work in the district. A model is provided on which bylaws are to be drafted.

In 1923, a further Co-operative Law was passed on similar lines, to provide for all forms of co-operative organisation—savings bank, purchasing, marketing, consumers' stores, building, agricultural production, manufacture of agricultural products, common use of agricultural implements. There are no specific provisions for federation. The use of the word "co-operative" is compulsory and is protected. Societies may be limited or unlimited, and liability extends two years after resignation and one year after death. In a limited society, no member may hold more than one-fifth of the total shares or £200. In unlimited societies, each member has one vote only; in limited societies voting is according to the bylaws. The society's capital consists of (1) loans from the Government; (2) members' deposits; (3) loans or deposits from non-members with Registrar's consent. Shares are transferable to persons approved by the Committee as members. Withdrawal can only be effected by transfer or forfeit. One-fourth of the net profits must be paid into reserve. The remainder may be distributed as interest on deposit or as the rules permit. In the case of unlimited societies, the consent of the High Commissioner is necessary before distribution can be made. The society is permitted to deal with outside persons. The privileges of the society are corporate existence, prior claim after the Government and the landlord on the estates of debtor members, and Government loans. A society may be dissolved by the Registrar if, after enquiry, he thinks it desirable, or at the request of three-fourths of the members. A liquidator is then appointed to wind up the affairs of the society. Model rules and bylaws are drawn up by the High Commissioner.

This Act supersedes the Companies (Limited Liability) Law (XVIII. of 1922) as regards societies registered under it.

In 1925 an Agricultural Bank was established.

The Co-operative Credit Societies Law—1914.

Rules for carrying out the above—1915.

Co-operative Societies Law of 1923.

Agricultural Bank Law—1925.

## BULGARIA

A SECTION applicable to co-operative societies was included in the Commercial Law of 1897, but the basic Co-operative Act of Bulgaria was passed in 1907.

A co-operative society is defined as one for developing the economic interests of its members and of assisting credit, agriculture and industry. Membership may be limited by rule to persons of particular sectarian or political views, etc., but must be open within the category chosen. The minimum membership is seven and may include other co-operative societies. The maximum value of a share is 100 levas. Members may withdraw but their shares are not repaid until six months after the date of withdrawal. Each member has one vote. At general meetings an attendance of 25 per cent. constitutes a quorum. A majority of two-thirds is required for an alteration of rules or liquidation. The society is governed by a management committee and a supervisory or auditing committee, both elected by and from the general meeting. Business with non-members is permitted, including deposit and loan business, except in the case of credit societies which may only lend to members. Consumers' societies may not sell articles of primary necessity on credit for a longer period than three months. Societies may not pay interest on share capital nor interest on other funds higher than the legal rate. It is left to the rules to decide on the method of building up a reserve, and there are no further provisions as to the distribution of surplus except the prohibition of its employ-

ment for political purposes. Liability is also a matter for decision by the rules. Societies are granted a relief from stamp duty and registration fees, also from income tax if societies do not share profits with their members. Societies are subject to the control of the courts of first instance, but these only act if complaint or appeal is made. Dissolution may take place on the expiration of a fixed term, by decision of the general meeting, through amalgamation, insolvency, or when the membership has been reduced below the legal limit or its activities are of an illegal character. Liquidation proceeds as in the case of private societies.

Laws regarding the insurance of agricultural risks make provision for co-operative insurance.

A certain amount of special legislation also exists in the form of Acts constituting first the Agricultural Bank and then the Central Bank for Co-operatives as centres of control, credit, and education for the co-operative movement. Authority was subsequently shifted back to the Agricultural Bank, but a system of differentiated control seems to be now in force.

Commercial Law Art. 239-267—1897.

\* Law on Co-operative Societies—1907.

Law concerning the insurance of cattle—December 26, 1910.

Law on the Central Co-operative Bank—1910.

Amendment to the law on Co-operative Societies—1911.

Law amending the law on the Central Co-operative Bank—1912.

Law modifying and completing the law on the Agricultural Bank—January 10, 1921.

Law on the issue of bonds by the Agricultural Bank—May 11, 1921.

Act on Limited Liability Companies—May 5, 1924.

Act authorising the National Bank to make a loan to the Co-operative Bank for purposes of compensation for losses from hail—July 24, 1924.

Law amending the law on the Central Co-operative Bank—March 30, 1925.

Law amending the law on cattle insurance—March 5, 1925.



Law amending the law on hail insurance—March 19, 1925.

Law amending and completing the law on the Agricultural Bank of Bulgaria—April 13, 1927.

Law amending and completing the law on Insurance Societies—January 17, 1929.

Law regarding relief from taxation of banking institutions, including Co-operative Credit Societies—April 17, 1930.

## CHILE

By an Act of 1929 agricultural co-operatives are defined as societies with variable capital and an unlimited number of members consisting of agriculturists and constituted according to the present law. No member of a society may carry on a competitive business within the same area. They may be organised for production, marketing, consumption or credit. Liability may be limited or unlimited, but in the latter case it must be equally distributed amongst members. Societies enjoy corporate existence. A minimum of five members may constitute a society, none of whom may own more than 20 per cent. of the total capital. Shares must be 20 per cent. paid up. Each member has one vote. After allocation to reserve profits must be distributed in proportion to business done, whether in sales, purchases, services or credit, except that a holder of 20 per cent. of the capital may, with the consent of the committee, receive an additional bonus. Societies may be dissolved when their membership falls below five or by decision of a two-thirds majority at a general meeting, provided a clear majority of the capital is represented. After meeting liabilities, all proceeds are devoted on liquidation to some communal agricultural use. Societies are entitled to greatly reduced rates on State railways and to preferential claims on rolling stock. They may receive free land for

their offices from local authorities and advances from public credit organisations. The Central Bank is authorised to discount their bills. Societies are placed under the control of the Ministry of Agriculture acting as Registrar. They may form Unions and Federations. The improper use of the word "co-operative" is forbidden.

An Act of 1928 makes a grant for the promotion of horticulture by various methods, including the establishment of producer-controlled co-operative undertakings for the processing and marketing of fruit and vegetables.

Another Act makes regulations for the operation of the Mortgage Credit Bank, which is authorised to make advances to individuals under specified circumstances and to co-operative societies.

The Bank of Agricultural Credit, the constitution of which was amended during 1928, is authorised to act as a co-operative society for purchase or sale and also to handle Government subventions to agriculture or fisheries.

An Act of 1929 lays down certain rules for the functioning of co-operative wine-producing societies. All members undertake to send a fixed proportion of their annual production of grapes to the society for manufacture. The society concerns itself with the production and marketing of wine and with the supply of requirements to its members. Voting is in proportion to each member's quota of wine. Payments and the distribution of profit are in proportion to the quantity and quality of grapes delivered. The society is empowered to make advances on members' deliveries. State aid may be obtained in the form of grants for the construction of premises and of loans for the provision of working capital. Societies are entitled to reductions of railway rates. They may obtain loans from credit institutions up to 75 per cent. of the value of wines pledged by them.

Act providing for the incorporation of Co-operative Societies organised in accordance with the rules herein laid down, thus enabling them to acquire property for all purposes whatsoever—September 8, 1924.

Law instituting agricultural credit—July 27, 1926.

Law fixing the definitive text of the law on agricultural credit—March 22, 1928.

Decree approving regulations connected with the law on agricultural credit—April 12, 1928.

Reform of the rules of the Bank of Agricultural Credit—June 15, 1928.

Decree exempting from taxation certain operations of the Bank of Agricultural Credit—June 20, 1928.

Decree exempting the Bank of Agricultural Credit from the payment of certain taxes—August 7, 1928.

Decree approving the reforms in the rules of the Bank of Agricultural Credit—October 23, 1928.

Law to promote horticulture—November 8, 1928.

\* Law making general regulations for Agricultural Co-operatives—January 14, 1929.

Decree approving the rules prescribed by the Law on Agricultural Co-operative Societies—April 10, 1929.

Decree allocating a certain sum for the establishment and construction of Co-operative Wine Growers' Societies—May 6, 1929.

Decree approving the rules on Co-operative Wine Sellers—July 3, 1929.

Decree approving regulations for Fishery Co-operative Societies—July 18, 1929.

Decree approving the reform in the rules of the Bank of Agricultural credit—December 19, 1929.

Decree modifying the rules concerned with the law on agricultural credit—December 19, 1929.

Decree modifying the law on Co-operative Societies—April 11, 1930.

Decree reducing the budgetary allocation to Wine Growers' Co-operative Societies—April 24, 1930.

Decree modifying the law on Agricultural Co-operative Societies—June 26, 1930.

Decree authorising the Agricultural Credit Bank to handle nitrates from the Chilian Nitrate Company on behalf of agriculturists—July 30, 1930.

Decree postponing the date of repayment of seed loans—August 29, 1930.

Decree completing the execution of the law on Agricultural Co-operative Societies—October 2, 1930.

Decree law codifying labour legislation including the articles permitting trade unions to organise Co-operative Societies—May 13, 1931.

Decree placing certain Co-operative Societies under the control of the General Inspector of Labour—October 6, 1931.

Decree concerning the balance sheets of Consumers' and Building Co-operative Societies—December 18, 1931.

## CHINA

ELABORATE provisions exist for the formation of agricultural societies, but these are of a semi-official educational character and have no particular connection with co-operation. Co-operative societies, where they exist, would appear to come under general commercial law. An Act of 1915 provides for the formation of agricultural and industrial banks, but these, though they exist for the purpose of making advances for, among other things, agricultural supply, marketing and improvement, and are subject to State inspection, are expressly stated to be limited liability companies. They are authorised to make loans without security to credit establishments with adequate capital and on the mutual guarantee of two such bodies, or to groups of at least ten agriculturists, with unlimited liability. From 1928 co-operation has found a place in the policy of the Kuamintang and official approval appears to have found administrative though not at present legislative expression in national affairs, the only direct reference being contained in the Provisional Law of June 1, 1931, which declares that the State shall encourage every co-operative activity.

As a result of provincial co-operative legislation in the Kiangsu Province in 1928, a farmers' bank was started which loans money to agricultural co-operative societies.

Regulation concerning the organisation of Agricultural Societies—November 10, 1912.

Regulation on the National Federation of Agricultural Societies—October 5, 1912.

Rules concerning the registration of Commercial Societies—July 19, 1914.

Rules of Agricultural and Industrial Banks—October 8, 1915.

Rules concerning the Agricultural and Industrial Bank, Ch'ung-Hua—January 7, 1916.

Order of the Minister of Finance concerning the inspection of banks—December 11, 1916.

Order of the Minister of Agriculture and Commerce making regulations for Industrial and Commercial Syndicates—February 24, 1917.

Order of the Minister of Agriculture and Commerce making provision for the execution of regulations on Industrial and Commercial Syndicates—April 27, 1918.

Order of the Minister of Agriculture and Commerce making modifying regulations concerning Industrial and Commercial Syndicates—April 27, 1918.

Order of the Minister of Finance regarding the central office of Agricultural and Industrial Banks—February 25, 1921.

Order of the Minister of Agriculture and Commerce making provisional rules for Fishery Associations—September 16, 1922.

Order of the Minister of Agriculture and Commerce amending the regulations concerning the registration of Commercial Companies—May 7, 1923.

Order making provisions for the enforcement of the above order—May 7, 1923.

Order of the Minister of Agriculture and Commerce amending the rules relating to Commercial Companies—May 8, 1923.

Report of the Minister of Agriculture and Commerce submitting for the approval of the President of the Republic amended regulations on Agricultural Associations and provisions for the applications of same—May 21, 1923.

Order of the Ministry of Agriculture and Commerce amending the regulations on Agricultural Associations—May 19, 1923.

Order providing for the application of the above regulations—May 19, 1923.

## COLOMBIA

AN Act of 1918 authorised the formation of credit societies and organisations not of a co-operative character. Some provision was made for inspection.

A law concerning co-operative societies was passed at the end of 1931.

A recent Act authorises Government to buy in the shares in the Agricultural Mortgage Bank formerly held by private persons and to convert the bank into a public institution. In addition to financial undertakings, the bank is authorised to form a section which will trade in agricultural requirements for the benefit of the peasants. All goods so handled are exempted from customs and other duties, and precautions are taken that they should not pass into the hands of traders. The Government is further prepared to give financial aid in the establishment of factories for the production of fertilisers.

Law concerning Credit Societies—November 21, 1918.

Law concerning Co-operative Societies—December 7, 1931.

## COSTA RICA

CO-OPERATIVE societies in Costa Rica exist under what appears to be a special section of the Commercial Code. This became law in 1925. In the previous year an Act was passed constituting the Costa Rica Agricultural Society "to be the centre of the movements and co-operation of the several agricultural units throughout the county." Previous decrees are repealed. The society is to work in collaboration with the Ministry of Agriculture. A special National Association of Coffee Growers was formed in 1929.

Decree to found an association of Costa Rica farmers—October 28, 1924.

Decree modifying Article 151 of the law on Commercial Societies—January 15, 1925.

Decree approving the National Association of Coffee Growers—August 23, 1929.

## CZECHOSLOVAKIA

IN 1873 a law was passed by the Austrian Government which provided the legal basis for co-operation in the three provinces of Bohemia, Moravia, and Silesia. It defined a co-operative organisation as "a Union with open membership for the promotion of the trade or industry of its members by means of joint business." Liability is unlimited in the case of a credit society of the Raffeisen type, but other societies may be with liability limited or unlimited, or limited to a multiple of the members' share capital. Societies may even be without share capital and may form a reserve out of their profits. Shares may be of any amount, and shareholding may be compulsorily increased by a two-thirds majority at a general meeting. Each member has one vote only, unless the rules provide otherwise. Members may withdraw with the consent of the society, or may transfer their shares to other members or prospective members. The internal government consists of the general meeting, the supervisory council, and the management committee. In large societies the general meeting may be replaced by a delegate meeting. Co-operative societies are not forbidden to sell to non-members, but by doing so they forfeit certain exemptions from taxation. No specific directions are made as to the disposal of profits. The society draws up its own rules with considerable freedom. Voluntary dissolution may take place at the decision of a two-thirds majority. In 1903 the law was amended so as to make it com-

pulsory for all co-operative societies to have their books audited either by the State or by a Central Union of their own, to whom the Government was prepared to delegate auditing functions.

A similar co-operative law was passed in Hungary in 1875 and applied to Slovakia and Sub-Carpathian Russia, but was modified by an Act of 1898 on credit societies. This Act provided for the formation of local credit societies with open membership within the area of the society's operations. The society may accept deposits from, but may not give credit to, non-members. The conditions of granting credit and the individual maximum must be fixed. Members must subscribe for at least one share; liability is limited to three times the value of shares. Each member has one vote. Members may withdraw on giving due notice. Ten per cent. of net profit must be paid to reserve till the latter is equal to half the nominal capital. Further profit may be distributed in interest up to 5 per cent. on share capital. Loss must be similarly distributed. Liquidation may be voluntary or compulsory. Taxation and stamp duty are remitted for all societies which are members of the Central Union. No society may exist unless in connection with some public corporation or the Central Co-operative Credit Union. This union was formed by the adhesion of individuals with liability limited to their membership shares and local credit societies with liability up to five times the value of their shares. There was no maximum shareholding, and voting rights were left to be fixed by rule. Dividend on shares was limited to 4 per cent. Of the profits, 10 per cent. must be paid to reserve, 10 per cent. to a guarantee fund, and the remainder in dividends. The Central Union advanced credit to member societies, and was empowered to appoint a representative to their boards and to exercise a general control over their policy. The Central Union was subsidised and partially controlled by Government. The most noticeable differences



between this and the Austrian system are the limited liability character of credit societies and the predominance of State influence and finance.

In 1919, after the formation of Czechoslovakia, a law was passed unifying the legal position throughout the Republic on the basis of the Austrian law. An Act was passed regulating State aid to co-operation, and in 1924 an Act regulating banking institutions had considerable effect on co-operative bodies, especially Central Unions. It prohibited organisations accepting deposits from any form of trading except "wholesale trading on commission on account of undertakings which have business relations with the bank." Local credit societies were permitted "the joint purchase of trade requirements" for members only.

The taxation of co-operative societies includes a fee of four per thousand on the issue and re-issue of share. A law of 1927 imposes a tax of two per thousand on the foundation capital of societies which deal only with members, and a tax graduated from 2 to 5 per cent. on the net surplus of societies trading with non-members. The latter also pay "supplementary tax" at 10 per cent. instead of 5 per cent. on profits. Income tax on profits is graded on a different scale to that for private undertakings, the effect being that while small co-operative profits escape altogether, larger profits are taxed at a somewhat higher rate than in the case of companies. Local rates are equal, and it is claimed that in all cases the compulsory publication of accounts lays co-operative societies open to heavier taxation than private companies. A previous law grants a certain relief of fees and taxes to societies which amalgamate. Credit societies are entirely exempt from State taxation.

State guarantees are available for agricultural co-operative societies; loans are made to members of co-operative bodies, up to 90 per cent. of the sum required, for putting up buildings.

Loans can also be made to co-operative societies up to 75 per cent. of the cost of purchasing farm requisites. All these loans must be repaid at the end of five years. Loans may also be made for the purchase of holdings. The forms of credit now available are classified as follows:—

(1) A subsidiary State guarantee of societies' debts to creditors, principally for the first installation of plant, etc. The total sum voted for this purpose was 50,000,000 kč.

(2) The provision of loans without interest up to 90 per cent. of the sum required, usually repayable in ten years.

(3) Direct subsidies either in cash or in plant put at the disposal of the society, and ultimately becoming its property.

By an Act of 1919, the electrification of Czechoslovakia was put under co-operative administration with State financial participation.

*Austria.*—Patent law on private associations—1840.

Law on Co-operative Credit Societies—1852.

\* Law on Raffeisen and other Co-operative Societies—1873.

Law on co-operative taxation—1896.

Decree concerning the inspection of Co-operative Societies—June 24, 1903.

*Hungary.*—Revised Commercial Code—1875.

Law on Co-operative Credit Societies—1898.

*Czechoslovakia.*—Act for Co-operative Electrification—July 22, 1919.

Act concerning a State guarantee for Agricultural Co-operative Societies except Consumers' and Credit Societies—February 17, 1922.

Decree making provisions for application of the Act of February 17, 1922, with regard to a State guarantee, etc.—May 18, 1922.

Law extending Agricultural Credit Institutions to Slovakia and Sub-Carpathian Russia—July 11, 1922.

Decree modifying in part the decree of June 24, 1903, concerning the inspection of Industrial and Agricultural Co-operative Societies and other societies—December 22, 1922.

Commercial Law—July 4, 1923, amended July, 1924 (expired December 31, 1925).

Law on amalgamation of Co-operative Societies—July 4, 1923.

Law concerning depositors—October 10, 1924.

Order with respect to statistics of Building and Housing Co-operative Societies according to the position on December 31, 1924, as well as the statistics of Agricultural Co-operative Societies and Collective Tenancy Societies including collective pastures in the period 1924-25—August 17, 1925.

Governmental decree putting into execution the law concerning the regulation of the conditions of association in Sub-Carpathian Russia—March 12, 1927.

Law on taxation of Co-operative Societies—June 18, 1927.

## DENMARK

THERE is no special legislation in Denmark relating to agricultural co-operation. Co-operative societies are voluntary, unincorporated associations. In certain cases, however, the formation of co-operative societies must be notified to the authorities. Societies must be registered with the Registrar of Joint Stock Companies "if the liability of members is not unlimited or if they are jointly and severally liable"; or if the society deals with non-members or distributes profit otherwise than as bonus on business done. In the case of these practices being adopted, societies must also be placed on the Trade Register. Co-operative distributive societies which claim not to be regarded as traders must send a statement of their rules and membership to the authorities before opening business. Societies on the Trade Register are subject to the usual commercial laws regarding accountancy, etc. Unregistered societies may carry on their own methods of accounting and are also unaffected by laws regarding adulteration of goods. Societies which deal only with members are exempt from taxation, but productive societies which retail their own produce pay income tax on such sales; they are, however, exempt from local taxation and this

exemption holds good even if a proportion of non-members' produce is handled.

There are a number of legislative provisions regarding credit associations of small landowners.

Law on the establishment of Credit Associations and Loan Banks for landowners—June 20, 1850.

Law on Trading—May 23, 1873.

Law concerning the Credit Associations for small landowners—1880.

Law on Trade Registers—March 1, 1889.

Law concerning the Credit Associations for small landowners—May 16, 1908.

Law on Accounting—May 10, 1912.

Law on Income Tax—June 8, 1912.

Ministerial decree approving some supplementary provisions of the rules of the Credit Associations of the small rural landowners of Jutland—September 13, 1913.

Ordinance sanctioning the revised rules for Credit Associations in Fyen—July 24, 1914.

Law amending the law of May 28, 1880, and the law of May 8, 1908, concerning Credit Associations for small landowners—May 10, 1915.

Law on the establishment of two Credit Associations for small landowners—July 10, 1915.

Law re-enacting the credit laws of 1880, 1908 and 1915—July 11, 1915.

Ministerial decree approving the rules of Credit Associations for small landowners in Jutland—September 13, 1915.

Ministerial decree approving the rules of Credit Associations for small landowners in the Islands—September 13, 1915.

Ministerial decree approving a supplement to the rules of the Credit Association of the small rural landowners of Jutland—March 7, 1916.

Ministerial decree concerning the supplement to the revised rules of the Credit Association of the landowners of Jutland—October 6, 1916.

Law concerning societies with share capital—September 29, 1917.

Decree concerning the registration of associations—September 19, 1919.

Act relating to State subsidies to small Forestry Societies—1919.

Law regarding credit facilities for rural smallholders—March 18, 1925.

Law concerning Credit Associations for proprietors and users of agricultural property—March 31, 1928.

Law concerning facilities afforded by the State to associations providing working credit for small farmers—April 4, 1928.

Law modifying the Law of July 10, 1915, concerning the establishment of two Credit Associations for small landed proprietors—November 28, 1928.

Law making supplementary dispositions to the law of March 31, 1928, concerning Credit Associations—December 3, 1928.

## ECUADOR

CO-OPERATIVE societies in Ecuador appear to be registered under the Commercial Code. A recent codification of the law relating to the commercial tax of 1 per cent. on the total value of all sales transacted, exempts, amongst others, agricultural producers in respect of produce sold by them and agricultural co-operative societies in respect of the acquisition of agricultural machines and implements and in respect of sales to their members.

Codification of the law of taxation on commercial and industrial sales—December 31, 1929.

## EGYPT

AGRICULTURAL co-operative societies in Egypt are registered under the special Agricultural Societies Act of 1923. The word "co-operative" is protected; federation is provided for (with regional councils of delegates); limited liability is prescribed unless the bylaws provide otherwise. Membership is confined to agriculturists. No member may hold more than one-tenth of the capital of the society or more than £E.200 in all. Credit societies have unlimited liability. Each member has one vote. Non-members' business is excluded, except subordinately within the limited amount specified in the bylaws and in order to promote

the interests of members. Capital may be obtained either by subscriptions and assignments of assets or by shares of any kind (shares may not be of the nominal value of less than £E.1 or more than £E.4). A co-operative society may only do business with the credit bank system, if, *inter alia*, its rules contain a clause limiting interest to 6 per cent., surplus profits, if not carried to reserve, being distributed as patronage dividends. There is no provision for contracts, or regarding monopolies or restraint of trade. There is no mention of Government loans or of tax remission. The connection between the Government and the co-operative societies appears to be confined to registration and a certain measure of supervision. The duration of an association must be fixed by the bylaws.

A law of 1927 replaced that of 1923, but does not appear to alter its general provisions materially in respect of structure of societies. A co-operative service was created to carry out the Act and to undertake the registration, auditing, and inspection of societies. The act provides definitely for societies with unlimited liability and extends the possible objects of societies to include sale, purchase, credit, and insurance. It also provides for the formation of central co-operative societies with the functions of wholesales, and of a co-operative union to undertake educational and supervisory work. The societies are under the control of a Superior Council under the presidency of the Ministry of Agriculture.

In 1930 an Agricultural Bank was created with the object of making loans both to individuals and co-operative societies.

\* Law regulating Egyptian Agricultural Co-operative Societies—July 5, 1923.

Order creating a department of registration and inspection of Agricultural Co-operative Societies and the establishment of an advisory committee for Co-operative Agricultural Societies in the Ministry of Agriculture—August 13, 1923.

Order relating to the registration of Egyptian Agricultural Co-operative Societies—May 15, 1924.

Law on Co-operation—July 22, 1927.

Order creating a co-operative service—October 13, 1927.

Decree Law modifying the composition of the Superior Council of Co-operation—April 20, 1929.

Decree Law creating an Agricultural Reserve—September 3, 1929.

Decree Law concerning advances to be made to cultivators for agricultural purposes—September 3, 1929.

Decree law authorising the Government to participate in the creation of an Agricultural Bank—November 18, 1930.

## ESTONIA

LEGISLATION is based on the Russian law, passed by the provisional Government in 1917, providing for societies with variable capital and membership. Membership is open; the minimum number is seven. Liability may be limited or unlimited or there may be fixed additional liability. In any case liability continues one year after withdrawal. Each member has one vote and no proxy voting is permitted. The general meeting elects a management and an auditing committee. In the case of credit societies a supervisory council is also obligatory; in the case of other types it is optional. In the case of societies with more than 300 members a delegate meeting may take the place of the general meeting. Interest on deposits must not exceed 8 per cent.; at least 20 per cent. of profits must be placed to reserve. Liquidation may be voluntary or compulsory; in the former case it is carried out by the management committee, in the latter by the courts. Societies may federate in unions which are responsible for auditing their accounts at least every two years.

A law of 1920 regulates co-operative credit organisations, which are allowed to carry on all banking operations, and handle

deposits and loans up to five years, provided they are covered by one-tenth gold and public securities and their liabilities are not more than twenty-five times their capital. Subsequent decrees authorise State loans to different types of society, notably those engaged in dairying. The Government butter control established in July, 1921, has also affected co-operative societies beneficially.

*Russia*.—Law on Co-operative Societies and their Unions—March 20, 1917.

Law on the registration of societies and companies—June 21, 1917.

Law on the congresses of co-operative organisations—August 1, 1917.

*Estonia*.—\* Law relating to Co-operative Societies and their Unions.—March 21, 1919.

Law on co-operative auditing—December 17, 1919.

Law on Co-operative Credit Banks—April 9, 1920.

Law concerning the formation of a State Fund for loans to Co-operative Dairies—June 20, 1924.

Law regarding Gold Balances—December 18, 1925.

Amendment to the law on Gold Balances—February 18, 1926.

Law modifying the law on Co-operative Societies and their Unions—March 26, 1926.

Law amending the law on Co-operative Societies, 1927.

Law concerning an Agricultural Fund—July 12, 1930.

## FINLAND

CO-OPERATIVE legislation in Finland dates from a law passed under the Russian Imperial régime in 1901, and amended in some particulars in 1918 and subsequent years. The law, however, is not completely self-contained but refers back in certain particulars to the Companies Act of 1895. One or two other general acts referring to commerce and banking also govern the activities of co-operative societies.

The law provides for the establishment of co-operative societies



regarded as bodies working for the common benefit of their members. They are to be regarded as companies, and are entered in the commercial register. They enjoy corporate existence and may carry on all types of business except insurance, pawnbroking and banking. Societies which are sound and also affiliated to a central society may, however, either (a) receive savings deposits, or (b) carry on the ordinary loan and deposit business of a credit society. Membership is open, except that it may be limited to those in a special trade or district. Business is not confined to members except in the case of credit societies. Shares may be called in but may not be transferred except with the consent of the society. Besides individuals, all legally constituted bodies may be members. Members may retire on giving due notice, but in some cases not earlier than two years after they have joined. Liability may be limited or unlimited, or with supplementary liability in case of liquidation. Liability usually continues for one year after a member has left the society. The capital of the society is derived from members' shares, which, unless the rules provide otherwise, can only be increased with the written consent of all members, and also from compulsory supplementary loans from members. Each member has one vote at the annual meeting, with the exception of corporate members. In the case of large societies this is replaced by a delegate meeting chosen by proportional representation. Profits are divided in (a) a small fixed interest on capital; (b) reserve fund, to which at least 10 per cent. of profits must be paid until the prescribed total is reached; and (c) dividend on business done. Societies are governed by a management committee usually elected directly by the general meeting. In some cases, however, an administrative Board is elected which in turn elects the management committee. Societies may amalgamate, but in the case of unlimited liability the written consent of all members is required.

Societies may be dissolved by a three-fourths majority at two general meetings, if the society becomes insolvent or if membership falls below five. A surplus after liquidation is divided *per capita*. Societies draw up their own rules with considerable scope. Societies are accorded certain reductions in registration fees, stamp duty, etc., and sometimes in national and local taxes and tithes. Annual audit is compulsory.

By a law of 1928 societies and companies receiving savings deposits (with the exception of credit societies), are obliged to furnish financial particulars to the Trade Register authorities where they are publicly available.

The law on co-operative societies was amended in 1927, providing that societies may limit the rights of resignation of members or increase the amount of share value by a decision of the general meeting. Members who do not agree to such changes have the right of resignation. Any other alterations to rules or the dissolution of a society require a three-fourths majority at two successive general meetings.

Within the last few years a good deal of State assistance to agriculture has been given through co-operative credit institutions. By a Resolution of the State Council in 1929 the Finnish Minister of Agriculture was granted a loan of 35 million Finnish marks to establish a fund for use in times of bad harvests for the purchase of seed. Credits are granted either through co-operative banks or to communes. Loans to co-operative banks are guaranteed by the Central Institute of Co-operative Credit Banks and for a maximum of five years. The rate of interest is 4 per cent. ; individuals may borrow direct, but at a higher rate. By another law, the Central Institute of Co-operative Credit Banks is made the channel through which State credits may pass for purposes of internal colonisation and agricultural development.

A law of 1930 makes available a State fund of 20 million marks for the granting of loans to smallholders for land improvement and reclamation. These loans are to be made through the Central Credit Institute of Co-operative Banks. Another law of the same year lays down that bull societies and co-operative societies with at least five members owning not more than eight cows each may receive State subsidies for the acquisition of registered bulls and for the general purposes of their societies. The bull subsidy is limited to 50 per cent. of the value of the bulls or 5,000 marks for each bull, and the general subsidy to 2,000 per year per bull. The amount must be related to the number and quality of cows. Societies whose members have a maximum of nine cows may receive subsidies for initial expenses and general activities. For a period of five years from 1931 a State credit of 20 million marks is allocated for agricultural improvements. Loans from the fund are made through the communes and the Central Credit Institute of Co-operative Banks acting in turn through the local banks to peasants and others owning or exploiting land up to 15 hectares. This limit is increased to 30 and 110 hectares in the case of forests and northern regions respectively. The allocation to communes and the Central Credit Institute covers a period of ten years; all loans must be repaid within five years, one-fifth every year. The rate of interest is fixed at 4 per cent. with a commission of 1 per cent. Co-operative banks are instructed to see that credits are properly used.

A subsequent decree lays down the conditions of granting loans.

Industrial and Business Law—1879.

Law regarding Joint Stock Companies—May 2, 1895.

State regulation concerning the register of firms and companies—May 2, 1895.

\* Law on Co-operative Societies—July 10, 1901.

Amendment to the law of 1901 on Co-operative Societies (Section 18)—January 17, 1918.

Amendment to the law of 1901 on Co-operative Societies (Section 19)—September 9, 1918.

Industrial and Business Law—1919.

Law regarding the right of Co-operative Societies which issue loans and the right of their central banks to receive deposits—June, 1920.

Law regarding Co-operative Trade—July 10, 1921.

Law with respect to Mortgage Associations—April 24, 1925.

Law of the Council of State with respect to the Statutes of the Mortgage Association of Finland—July 30, 1925.

Law relating to the keeping of accounts—1925.

Amendment to the law of 1901 on Co-operative Societies—1927.

Law on Savings Banks—October 18, 1928.

Resolution of the Council of State making loans on the Fund for bad harvests at a favourable rate for the purchase of seeds—January 24, 1929.

Law concerning the allocation of loans with the object of developing agriculture—May 18, 1929.

Law making a loan for the promotion of agricultural production—May 23, 1930.

Resolution of the Minister of Agriculture issuing instructions to the controllers of loans having for their object purchase of seed—May 31, 1929.

Law modifying the law of October 18, 1928, on Savings Banks—June 13, 1929.

Resolution of the Ministry of Agriculture regarding subsidies to Agricultural and Housewifery Associations—February 27, 1930.

Law regarding subsidies to Syndicates and Co-operative Societies owning bulls and to Cattle Control Associations—March 28, 1930.

Law concerning development loans for agriculture with relevant decrees—May 23, 1930.

Resolution of the Ministry of Agriculture on the management of communal agricultural Credit Banks—August 5, 1930.

## FRANCE

CO-OPERATIVE law in France is extremely complex and does not depend on any one Act or consecutive series of Acts. The word "co-operative" is neither defined nor protected. Societies are registered in the first place under either the Civil or the Commercial Code, but the details of their constitution, obligations and privileges are further determined by one or more special Acts, each applying to some particular branch of co-operative activity and usually frequently amended. Compliance with these Acts is usual, but is generally only obligatory where State loans or subsidies are accepted.

The Civil Code provides for the formation of associations which may take almost any form but which may not carry on a lucrative business, deal with non-members or take any decisions as to rules which are not unanimous. The Commercial Code is concerned primarily with joint stock companies, but the Law on Societies of 1867 allows co-operative organisations to register as commercial societies with certain appropriate modifications. This is the most usual course. The law of 1884 on Professional Association (replaced in 1927) provided, however, the starting-point for Agricultural syndicates which are general in character but are usually engaged to some extent in the co-operative supply of requirements and also in credit operations. Fishermen's societies are also usually under the Civil Code.

The law of 1867 provides for a modified type of joint stock company. Liability is limited and decisions may be taken by a majority of votes. Capital is variable and (a privilege refused to the usual type of company) may be increased without formality except that the general meeting must determine an annual maximum increase which must not exceed 200,000 francs. Further, members have the right to withdraw, but neither

membership nor capital may fall below one-tenth. Capital may be one-tenth paid up instead of a quarter, as in the case of companies. Shares must always be at par and the committee may withhold its consent to a transfer. All societies under the Act, as well as Civil societies which desire to obtain State credits, must keep books as laid down in the Commercial Code. An annual audit must take place, but the auditors are appointed by the general meeting and need not have any special standing. They may be shareholders in the society. There are no provisions with regard to voting or the distribution of surplus. All special legislation is super-imposed on this basis.

Agricultural Credit Banks were first regulated by Acts of 1897 and 1899, which provided for advances from the Bank of France for agricultural credit, and at the same time determined the character of societies receiving it. This was superseded by the Act of August 5, 1920, with subsequent amendments. It provides for banks registered as commercial societies but exempt from many of the provisions which ordinarily govern them. Registration is simplified to the deposit of two copies of the rules with a magistrate. Banks may be formed by members of agricultural professional syndicates, agricultural mutual insurance societies, agricultural co-operative societies, syndical associations or other societies with agricultural interests, or by such societies themselves. The objects are stated to be the promotion of the agricultural production of members. No business is done with non-members.

Capital may be fixed or variable, but must consist of nominal shares a quarter paid up and transmissible only with the consent of the committee. Where capital is variable it may not be reduced below the foundation capital. Liability may be limited, joint or several, or undefined. General meetings must be held and an administrative committee elected, but voting rights and

other matters are left to the rules. Banks are entitled to borrow from the State, usually through regional banks or from other sources provided those which are already indebted to the State receive the permission of the Ministry of Agriculture. They may further rediscount bills and receive deposits up to a specified amount. The bank has a lien on the shares of members. The liability of a retiring member continues until the liabilities entered into during his membership are discharged, or at longest for five years.

Loans may be (1) short-term, for a single agricultural operation, and by means of bills, the bank being authorised to undertake all payments and recovery in connection therewith; (2) medium-term, up to ten years with suitable guarantees; (3) long-term, up to twenty-five years and a maximum of 40,000 francs on mortgage, or with the security of an insurance on the borrower's life, the interest being as low as 2 per cent. Agricultural co-operative societies obtaining short- or medium-term loans must be authorised by the State, give proper guarantees, be under voluntary management and make no commercial profits.

An annual balance sheet must be submitted to a magistrate. Interest on shares must not exceed 6 per cent. or in the case of local banks, the rate on loans to their members. Of the surplus, 75 per cent. must be placed to reserve till the latter is double the share capital, after which the allocation is reduced to 50 per cent. No distribution of assets may be made on the dissolution of a bank. All funds must be transferred to some agricultural object. Societies are exempt from several forms of taxation, including stamp duty and income tax.

Local banks are federated in regional banks which are authorised to rediscount bills, undertake payment and recovery and transmit State advances to an amount equal to the share capital of local banks. They may issue debentures to agri-

culturists in their own area. They transmit annually to the National Agricultural Credit Office the repayments of State advances received from local banks.

The National Office is a public body constituted by the Act of 1920 and handling State credits for agriculture, deposits received in local and regional banks and debentures issued by the latter. The Office has an administrative council and a plenary commission. The members of the latter are elected one-fifth by the Chamber of Deputies and the Senate, two-fifths by the regional banks, the remaining two-fifths being officially appointed by the Ministries of Agriculture and Finance. The council consists of seven members appointed by the Commission. The business of the National Office is carried on by means of current accounts with the Treasury and the Bank of France and its budget is submitted yearly to the Ministries of Agriculture and Finance. Attached to it is the Credit and Co-operative section of the Ministry of Agriculture.

The sums available for agricultural credits are in part the result of special votes and in part an annual payment by the Bank of France to the Treasury, obtained in the first instance by agreement at the renewal of the Bank's charter in 1897 and continued by subsequent conventions. The allocation of these sums between the different types of loan is decided by periodical decrees. All organisations receiving State credits are open to State inspection, and the National Office and regional banks inspect their affiliated organisations.

Agricultural co-operative societies as distinct from credit societies were made eligible for State credits by an Act of 1906, but their position was further defined by the Act of 1920 and by a further Act of 1923. They are classified as (a) marketing, (b) requirements, and (c) services, the latter including rural electrification, slaughter-houses and cold stores, rural housing,



etc. Agricultural syndicates are also included. Societies of these types, in order to be members of a credit society and receive State advances, must confine their membership to agriculturists who take up shares of nominal value, unlimited in number and transferable with the consent of the committee. Capital may be fixed or variable and societies may be registered under either the Civil or the Commercial Code. Interest is limited to 6 per cent. and further surplus after contribution to reserves, etc., must be distributed as bonus on business. Societies must deal with members only, except in the case of societies supplying services, when all clients must be given the opportunity of becoming members. Profits from business with non-members must be placed to reserve or a development fund. Members must be agriculturists. At least one-sixth of the total membership must be present at general meetings, and for an amendment of rules at least half, or the matter must be submitted to a second meeting, at which, however, there is no stipulated attendance. A majority of two-thirds is required for an amendment. Each member has one vote unless otherwise decided by the rules. Societies are exempted from certain forms of taxation and co-operative distilleries are taxed on the same scale as those handling the product of one individual. Advances from the State may be up to six times the paid-up capital of a society with unlimited liability, or if members of the administrative committee have signed an agreement of joint and several liability.

The Act of 1920 has been several times amended, in 1921, 1926, 1927, 1928 and 1929. Amended regulations lay down that local banks must be regularly affiliated to regional banks in order to do business with them, provide for the revision of the rules of existing banks in order, among other points, to assign an indefinite duration to the banks' existence and establish the control of the Minister of Agriculture over the assets of dissolved

banks. The object of loans must be stated by the borrower. The rates of interest on short and medium-term loans must (except occasionally in the case of loans to associations) be less than 3 per cent. of that on the banks, shares or more than 1 per cent. above the discount rate. In 1927 the rate of interest on long-term loans was fixed at 3 per cent. Right to credits is extending to rural craftsmen. The constitution of the National Office of Agricultural Credit is revised and the word Bank (*Caisse*) substituted for office.

Periodical decrees allocate State grants of credit in fixed proportions for different purposes, as short-, long- and medium-term loans, 23 per cent., afterwards raised to 35 per cent., being set aside for loans to "co-operative societies, syndical associations and associations of collective agricultural interest." In 1928 a further law was passed making certain State grants for purposes of medium-term credit. The law fixing the General Budget for 1928 exempts the interest on loans by agricultural mutual credit banks from tax on revenue from credits and deposits. All local credit banks must be affiliated to regional banks and so to the National Bank of Agricultural Credit. By a decree of 1929 the rate of interest on deposits at sight is left to be fixed by the Minister of Agriculture; interest on deposits at long term must be lower than interest on shares. Any deposits in excess of the amount which must legally be retained by the local society for current business must be transferred to the regional banks; these in turn transmit their surplus to the National Agricultural Credit Bank or the Bank of France. Interest on short-term loans is never less than 3 per cent. and must not be less than the interest on shares or more than 1 per cent. over that on advances from the Bank of France. On the dissolution of a society any spare funds must go to an agricultural institution. Certain modifications are introduced into the

borrowing powers of societies : their relations with the regional and central banks ; methods of accounting in accordance with the Commercial Code ; the election of committees ; the reserve fund ; and the State control of societies accepting advances. A further decree accords advances up to 250 million francs, from the State to the National Agricultural Credit Bank at 2 per cent.

The Financial Law of 1931 fixes the sum which the Minister of Finance may take from the Deposit Bank for medium-term loans at 200 million francs, and long-term loans at 77 million francs. Departmental and Regional Chambers of Agriculture are authorised to deposit their surplus funds in agricultural co-operative banks on the same terms as other customers. They may become members of such banks provided their liability is limited to the amount of their shares.

In February, 1931, an Act was passed to allow the formation of federations of agricultural societies for marketing purposes which also admit consumers' societies or their unions as members. Such unions are accorded the legal privileges of agricultural societies, which include the right to State loans. It is anticipated that agricultural societies will control the majority of votes in the mixed unions.

The special subject of rural electrification on co-operative lines is dealt with by a law of 1923 (amended) which provides State loans through the National Agricultural Credit Bank for this purpose to various organisations, including agricultural co-operative societies. The maximum term is forty years ; the loan may not exceed the subscribed capital of the borrower, and interest is fixed at a maximum of 2.8 per cent. to the National and 3 per cent. to the local banks.

Agricultural insurance on co-operative lines comes under a different set of enactments. Societies for the purpose of insuring agricultural risks are formed under the law of 1884 on professional

associations (amended 1900, 1920, 1923). Separate societies must be formed for each class of risk. The minimum number of active members is seven, and there may also be honorary members. The society must be managed by a voluntary committee elected by the general meeting. No provisions as to voting, etc., are included. Funds must be invested with the State, the Bank of France or co-operative credit or savings banks. Societies are open to inspection; suitable premium rates are indicated. Properly constituted societies may receive State grants for (a) initial expenses and (b) abnormal losses. Societies may form reinsurance societies which may themselves federate for the same purpose. Reinsurance societies may handle State grants on behalf of their members; on dissolution, their funds must not be divided but must pass to the State or another insurance society. By an amending Act they may lend one-third of their funds and reserves to member societies. A decree of January 26, 1930, empowers insurance societies to use their funds in making loans to public bodies, to insurance banks or to private persons on mortgage, or to take up shares in co-operative societies. It also makes provision for State control and inspection, for the disposal of surplus in case of dissolution of the society and for the rate of premiums for the year.

An Act of 1923 laid down a scheme of contributory life annuities and death benefits through payments to local or regional agricultural credit banks.

The Social Insurance Act of 1928 is naturally concerned in the main with employed workers. It contains, however, provisions enabling peasants to become voluntary contributors under the health insurance scheme, and in certain circumstances also in connection with the old age and disablement funds, through a co-operative insurance society already in existence or to be specially formed. Such societies may establish "primary

funds " on a contributory basis with a State subsidy, to be used for insurance purposes. The Superior Council of Social Insurance includes two co-operative members, one representing producers and the other consumers.

In addition to the foregoing, several other types of co-operative activity are regulated by special legislation. Maritime credit societies (mainly for the benefit of fishermen) come under a régime practically the same as that for their agricultural counterpart, the relevant Acts dating from 1913, 1925 and 1932. They must submit their rules to the Ministry of Mercantile Marine and be affiliated to regional maritime banks. This also applies to maritime co-operative societies, which are registered under the Civil or Commercial Codes with no special provisions.

Workers' (industrial) productive societies are regulated by an Act of December, 1915. The minimum membership is seven, all of whom must be employed by the society or engaged in the trade which it is proposed to organise. Other members may be accepted provided (a) that their interest is limited to a fixed dividend on shares, (b) that their right to share in reserves on the dissolution of a society is limited, and (c) that two-thirds of the committee consists of worker-members. The society may employ non-members on condition that they receive bonus on work done at the same rate as members. The sum to be distributed in bonus must equal one-quarter of profits and be at least equal to that paid in interest on capital. Societies may register as joint stock companies, societies with variable capital or under one or two other forms.

An amendment to the Labour Code provides for the creation of credit societies whose members shall be limited to workers' productive societies or their members or federations. No loans shall be made except to such societies, though deposits may be received from individual members. The law lays down the

manner of business to be transacted, also the financial assistance offered by the State.

Further credit legislation was passed in 1917 and 1923. The earlier law concerned People's Banks, described as on Raffeisen or Schulze-Delitzsch lines, which are however mainly composed of the smaller business people. The minimum membership is seven; there may also be honorary members. Interest on shares is limited to 6 per cent. Surplus is further placed to reserve or distributed in bonus on business done by clients of the bank, including non-members. The same Act covers mutual security societies, formed by business people for endorsing bills and similar financial transactions. Capital may be fixed or variable, but in the latter case it may not fall below the initial capital nor may the shares of a retiring member be repaid before an audit. Shares must be of at least 50 francs one-quarter paid up. Profits are allocated 10 per cent. to reserve, interest not exceeding 4 per cent. on shares, three-quarters of the remainder to reserve until the latter equals share capital and the balance in bonus on business done by members. On dissolution of a society the reserve is divisible unless the rules state otherwise. No stipulation is made regarding voting, etc. The committee decides on the bills, etc., which the society is prepared to endorse. The law of 1923 deals with co-operative societies of artisans engaged in supplying the raw materials of industry and in making collective loans. The minimum membership is seven, but on most points (except with regard to the limitation of shareholding) the Acts dealing with consumers' societies apply.

Consumers' societies, usually registered as commercial societies under the Act of 1867, are also governed by Acts of May, 1917, June, 1920, and July, 1925. Capital is variable. Shares may not be of more than 100 francs, one-quarter payable on demand and the balance made up from surplus and interest

due to the members, supplemented by annual payments called subscriptions. These may be reduced by the rules. Sales to non-members are permitted, but customers must be admitted to membership on request. General meetings must include a minimum of one-sixth of the members or one-half for the making or amending of rules ; for the latter process a two-thirds majority is required. In the case of large societies, a delegate meeting may be substituted for the general meeting. Each member has one vote. Interest on shares is limited to 6 per cent. Surplus must be distributed in bonus on business done or used for some social purpose. Societies make their own rules, which are published in the official gazette and cannot be called in question after an interval of one year. Unions may be formed for banking, wholesaling or manufacture, with a membership of consumers, producers or (since the Act of 1931) agricultural societies. They are regulated similarly to local societies, but the restrictions on the payment of shares is removed and voting may be according to share-holding or business done.

A large number of laws and decrees applying to French colonies, protectorates and mandated territories have from time to time been passed by the French Chamber and Ministries. For the sake of clarity these are summarised and listed under the name of the territory concerned. A few, however, apply to the French Colonial Empire in general, and these have been listed at the end of the Acts applying to France proper.

Civil Code : Articles 1832-73.

Commercial Code : Articles 30b, 75-77, 103, 105-107.

Labour and Social Insurance Code : Articles 1-26, 27-53, 54.

Royal Ordinance regulating undertakings for work or provision carried on in the name of communes or philanthropic establishments—November 14, 1837.

Decree opening a credit of three millions to be distributed among free associations either of workers or of employers and workers—July 5, 1848.

Law relating to Workers' Associations—November 15, 1848.

\* Law on societies—July 24, 1867.

\* Law on the formation of professional unions and trade unions (repealed)—March 21, 1884.

Decree fixing the conditions required of French Workers Societies submitting work or products for State competition—June 4, 1888.

Notice issued by the State Council—June 27, 1889.

Law admitting French Workers' Associations to competitions for work or products held by the communes (repealed)—July 29, 1893.

Law amending the law of 1867 on societies with share capital (Joint Stock Companies)—August 1, 1893.

Decree amending the decree of 1862 relating to the finances of the Civil Building Service—November 13, 1893.

Law on the suppression of fraud in the butter and margarine trade—April 16, 1897.

Law suspending the privileges of the Bank of France—November 17, 1897.

Law on savings banks—July 20, 1898.

\* Law establishing Regional Mutual Agricultural Credit Banks and for encouraging their activities together with those of local societies and Agricultural Mutual Credit Banks (repealed)—March 31, 1899.

Budget—April 13, 1900.

Law concerning Agricultural Mutual Insurance Societies—July 4, 1900.

Law concerning contracts of association—July 1, 1901.

Decree making regulations for the execution of the above—August 16, 1901.

Law completing the Commercial Code and the law of 1867 regarding shares—July 9, 1902.

Budget—March 31, 1903.

Decree regulating the application of certain articles of the Financial Law to Co-operative Distilleries—August 19, 1903.

Law amending the law of July 9, 1902—November 16, 1903.

Budget—December 30, 1903.

Law on patents—April 19, 1905.

Budget—April 22, 1905.

Law amending the law of 1898 on Agricultural Warrants—April 30, 1906.

Decree supplementing the above—September 7, 1906.

Law granting credits to Agricultural Societies—December 29, 1906.

Budget—January 30, 1907.



Decree regulating the public administration of the law of 1908 on small proprietorship and cheap housing—August 24, 1908.

Law on the sale or mortgaging of commercial funds—March 17, 1909.

Law authorising Regional Maritime Credit Banks to receive State subsidies (repealed)—March 25, 1910.

Decree relating to the above—April 3, 1910.

Law relating to the convention between the Minister of Finance and the Bank of France—December 29, 1911.

Notice issued by the Council of State—January 16, 1912.

Decree relating to the inspectors of Mutual Agricultural Insurance Societies—August 2, 1912.

Decree modifying the regulation of January 10, 1907, for the application of the law of April 12, 1906, on cheap housing—May 3, 1913.

Decree modifying the regulation of August 24, 1908, for the application of the law of April 10, 1908, on small proprietorship and cheap housing—May 3, 1913.

Law relating to hotel warrants—August 8, 1913.

Decree relating to the above—November 6, 1913.

Law modifying the Commercial Code on societies with shares.—November 22, 1913.

\* Law reorganising maritime mutual credit—December 4, 1913.

Decree relating to the above—April 12, 1914.

Decree modifying the law relating to small proprietorship and cheap housing—April 17, 1914.

Law modifying the law on the admission of Workers' Associations to competitions held by communes (repealed)—July 13, 1914.

Budget—July 15, 1914.

Decree extending the benefits of agricultural mutual credit to fish preservers—September 10, 1914.

Decree modifying the decree on the application of maritime mutual credit—January 22, 1915.

Decree modifying the decree on the fund for maritime mutual credit—February 21, 1915.

Law completing the law on hotel warrants—March 17, 1915.

\* Act on Co-operative Societies for production and workers' credit (repealed)—December 18, 1915.

Decree nominating a Commission dealing with advances to Regional Agricultural Mutual Credit Banks—March 3, 1916.

Decree regulating the administration of the above law—July 28, 1916.

Law on the provision of credit for small and medium scale commerce and industry—March 13, 1917.

Law on companies with working-class membership—April 26, 1917.

Law providing credit for Consumers' Co-operative Societies—May 7, 1917.

\* Law creating a fund of 2 million francs for assistance to Consumers' Co-operative Societies—May 7, 1917.

Law relating to taxes on personal property—July 31, 1917.

Decree making regulations for the execution of the law of May 7, 1917, for the organisation of the credit of Consumers' Co-operative Societies—September 5, 1917.

Decree relating to the law on credit for small and medium-scale commerce and industry—January 31, 1918.

Decree relating to the institution of a Higher Council of Co-operation—February 22, 1918.

Law on State advances to Mortgage Loan Societies and Regional Agricultural Mutual Credit Banks—April 9, 1918.

Law concerning the cultivation of derelict land—May 4, 1918.

Decree applying the above law—July 12, 1918.

Order constituting a Commission to handle advances under the above law—July 31, 1918.

Law renewing the privileges of the Bank of France—December 20, 1918.

Decree modifying that of August 26, 1907, authorising advances to Agricultural Co-operative Societies—January 3, 1919.

Law establishing a commercial register—March 18, 1919.

Law opening certain credits for exceptional military and civil expenditure—March 31, 1919.

Act completing Article 14 of the law of December 18, 1915, on Workers' (Productive) Co-operative Societies and the organisation of credit to workers in France (repealed)—April 5, 1919.

Decree completing the decree of 1918 regarding a Higher Council of Co-operation—April 22, 1919.

Law regulating the situation created by the War in the case of Mortgage and Housing Societies—April 24, 1919.

Act relating to Commercial Societies in the invaded regions—July 16, 1919.

Decree relating to the organisation of a general service of inspection of Agricultural Associations and Credit Institutions—July 19, 1919.

Decree relating to credit facilities to Agricultural Societies and others in invaded districts—September 29, 1919.

Law on the use of water power—October 16, 1919.

Law opening a credit of 50 million francs in favour of small commercial and industrial enterprises—October 24, 1919.

Law authorising departments and communes to acquire land with a view to settling workers and others on it—October 31, 1919.

Decree applying the dispositions of the Act of March 21, 1884, on professional syndicates, to Alsace-Lorraine—December 3, 1919.

Decree relating to the law of 1919 on credit to small commercial and industrial enterprises—March 3, 1920.

Law on the extension of civil rights to professional syndicates (repealed)—March 12, 1920.

Law applying the above law to Alsace-Lorraine—April 27, 1920.

Law modifying the law on credit to Consumers' Co-operative Societies—June 14, 1920.

Law creating new fiscal resources—June 25, 1920.

Law instituting special taxes on industrial property and inscription on the commercial register—June 26, 1920.

Budget—July 31, 1920.

\* Law on mutual credit and agricultural co-operation—August 5, 1920.

Order forming a section dealing with Agricultural Credit and Mutual Societies at the National Agronomic Institute—August 6, 1920.

Law amending the law of 1917 on credit to small-scale commerce and industry—August 7, 1920.

Law establishing the legal conditions affecting Reconstruction Societies formed by war victims in devastated areas—August 15, 1920.

Instructions by the Minister of Finance relating to the execution of the fiscal law of 1920—August 29, 1920.

Decree relating to the participation of French Workers' Associations in public competitions—October 5, 1920.

Decree relating to the law on Reconstruction Societies—October 9, 1920.

Decree creating a Chair of Co-operation at the Collège de France—December 3, 1920.

Decree modifying the constitution of the Higher Council of Labour—January 31, 1921.

\* Decree relating to the execution of the law of August, 1920, on mutual credit and agricultural co-operation—February 9, 1921.

Instructions regarding the administration of the law of August 5, 1920—February 21, 1921.

Order on the election of the Plenary Commission of Agricultural Credit—March 29, 1921.

Budget—April 30, 1931.

Order regarding the particulars to be furnished by institutions demanding advances from the National Office of Agricultural Credit—May 19, 1921.

Decree fixing the proportions in which the agricultural credit fund should be allocated to different types of loan—June 3, 1921.

Notice of the Council of State—June 22, 1921.

Order relating to the financial working of the National Office of Agricultural Credit—July 1, 1921.

Decree relating to the law on mutual credit and agricultural co-operation—July 7, 1921.

Law completing the law on Reconstruction Societies—July 12, 1921.

Law concerning the ordinary and extraordinary budgets—July 16, 1921.

Law transferring State vessels to a Co-operative Society of Seamen—August 9, 1921.

Decree relating to Reconstruction Societies—August 29, 1921.

Law relating to railways (Railwaymen's Co-operative Societies)—October 29, 1921.

Order relating to the particulars to be furnished by Mortgage Societies applying for advances to the National Office of Agricultural Credit—December 20, 1921.

Decree relating to the control of the National Office of Agricultural Credit—December 23, 1921.

Budget—December 31, 1921.

Law on assistance to People's Banks—January 7, 1922.

Law modifying the law (1919) on Mortgage and Housing Societies affected by the War—February 17, 1922.

Decree on Reconstruction Societies—February 20, 1922.

Decree on Insurance Societies—March 8, 1922.

Decree amending the law on small proprietorship and cheap housing—March 13, 1922.

Special budget law—March 31, 1922.

Law exempting Agricultural Mutual Credit Societies from registration on the commercial register—April 18, 1922.

Act modifying Article 14 of the Act of December 18, 1915, on Workers' Productive and Co-operative Societies (repealed)—May 6, 1922.

Decree relating to the general confederation of Co-operative Reconstruction Societies—May 27, 1922.

Circular relating to documents furnished by Agricultural Mutual Credit Banks—October 24, 1922.

Law modifying the law on small proprietorship and cheap housing—December 5, 1922.

Law modifying the law of August 5, 1920, on mutual credit and agricultural co-operation—December 7, 1922.

Law making special advances to departments and communes for land settlement—December 8, 1922.

Law extending workers' accident insurance to agriculture—December 15, 1922.

Law completing the law of August 5, 1920, on mutual credit and agricultural co-operation—December 30, 1922.

Circular concerning co-operative slaughter-houses—January 8, 1923.

Decree concerning the application of the law on land settlement—January 9, 1923.

Law modifying the regulations concerning distilleries—February 28, 1923.

Laws providing credits to Reconstruction Societies—February 28 and March 30, 1923.

Decree on subsidies to Horse Breeding Associations—March 14, 1923.

Law amending the law of 1922 regarding cheap housing—April 27, 1923.

Order concerning subsidies for rural electrification—April 30, 1923.

Law regarding registration on the commercial register—June 1, 1923.

Note regarding land settlement—June 7, 1923.

Decree amending the allocation of agricultural credit to different forms of loan—June 8, 1923.

Budget—June 30, 1923.

\* Act facilitating the formation of Co-operative Societies and Agricultural Associations with collective interests contemplated in Article 22 of the law of August 5, 1920, and defining the legal system of those societies—July 12, 1923.

Decree concerning the Higher Council of Co-operation—July 17, 1923.

Decree relating to Agricultural Mutual Insurance Societies applying for State subsidies—August 2, 1923.

Law facilitating State advances for electrification in the country—August 2, 1923.

Laws dealing with Mutual Aid Societies—August 15, 1923.

Decree fixing the rates of interest in Regional Banks, Local Banks and Maritime Mutual Co-operative Credit Societies—August 18, 1923.

Decree granting special credit facilities to ex-servicemen and civil war victims—August 22, 1923.

Decree relating to the law on hotel credit—November 30, 1923.

Decree and order relating to the law on electrification—December 13, 1923.

Law establishing a system of agricultural life insurance—December 18, 1923.

Law organising credit for Artisans' Co-operative Societies and their unions—December 27, 1923.

Law concerning credits for the cultivation of derelict land—December 28, 1923.

Decree on Co-operative Reconstruction Societies (repealed)—December 31, 1923.

Law concerning the fiscal privileges of the banks of Workers' Productive Societies—January 3, 1924.

Order concerning subsidies for rural electrification—January 5, 1924.

Order concerning the election of members to the Higher Council of Co-operation—February 6, 1924.

Circular regarding Mutual Insurance Societies against workers' accidents—February 22, 1924.

Decree concerning agricultural life insurance—March 4, 1924.

Law amending the law on the commercial register—March 17, 1924.

Decree reorganising the Higher Council for cheap housing—March 27, 1924.

Order concerning the returns of Agricultural Mutual Insurance Societies—March 27, 1924.

Decree concerning Co-operative Reconstruction Societies—May 2, 1924.

Decree relating to the inspection of Agricultural and Credit Organisations—May 31, 1924.

Circular on agricultural credit—May 31, 1924.

Decree regarding the Commission making grants to Mutual Agricultural Insurance Societies—May 31, 1924.

Decree amending the decree on Agricultural Mutual Insurance Societies—July 10, 1924.

Law amending the law on town planning—July 19, 1924.

Decree concerning credit to Artisans' Co-operative Societies and their unions—July 27, 1924.

Law reconstituting the Maritime Mutual Credit Fund—August 8, 1924.

Law on the fixing of the price of milling products—August 31, 1924.

Decree amending the regulations on the election of representatives on the Higher Council of Credit—October 9, 1924.

Decree modifying the allocation of agricultural credit to different forms of credit—November 8, 1924.

Decree constituting a National Economic Council—January 16, 1925.

Law tending to institute Limited Liability Societies—March 7, 1925.

Law on budget credits—March 10, 1925.

Decree on the suppression of fraud in the sale of foodstuffs—March 26, 1925.

Law completing the law on credits to Consumers' Societies—July 3, 1925.

Budget—July 13, 1925.

Law creating the International Institute of Intellectual Co-operation—August 6, 1925.

Decree regarding loans to societies for rural electrification—September 14, 1925.

Decree regarding the accounts of the National Agricultural Credit Office—October 25, 1925.

Decree modifying the law on credits to artisans—December 14, 1925.

Order concerning the deposits of Workers' Accident Insurance Societies—December 15, 1924.

Decree on rural electrification—December 27, 1925.

Law modifying the law on maritime mutual credit—December 30, 1925.

Decree on Co-operative Reconstruction Societies—February 2, 1926.

Law creating new fiscal resources—April 4, 1926.

Decree concerning workmen's accident insurance in agriculture—April 30, 1926.

Law concerning the suppression of fraud in the sale of fertilisers—May 23, 1926.

Law on budget credits—June 30, 1926.

Law on co-operative milling—July 3, 1926.

Law modifying the law of August 5, 1920, on co-operative credit and agricultural co-operation—August 9, 1926.

Law on French Workers' Societies and public competitions—August 18, 1926.

Decree creating a Bread Grains Office—August 26, 1926.

Decree concerning cheap housing—September 18, 1926.

Decree on administrative decentralisation—November 5, 1926.

Decree postponing the revision of the rules of People's Banks—November 5, 1926.

Decree modifying the proportion of agricultural credit to be distributed in various directions and fixing the advances to Co-operative Societies and similar bodies at 25 per cent.—December 9, 1926.

Budget—December 19, 1926.

Decree on municipal monopolies—December 28, 1926.

Decree relating to Co-operative Reconstruction Societies—January 6, 1927.

Decree relating to the tax on registration in the commercial register—January 12, 1927.

Law codifying the Labour laws—February 25, 1927.

Law on grants of credit to artisans—March 26, 1927.

Decree modifying the decree of October 9, 1920, relating to the composition of the Central Committee, with power over the decisions of the special committee controlling Co-operative Reconstruction Societies—March 30, 1927.

Law opening and closing credits for the year 1926, as relating to the general budgets and the budgets annexed—March 31, 1927.

Decree fixing the rate of loans at long term to individuals and corporations in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation—April 7, 1927.

Letter of Registrar-General concerning Fishermen's Local Credit Banks—April 9, 1927.

Circular letter on taxation as affecting Workers' Productive Societies—May 4, 1927.

Decree fixing the rates of interest on advances to Workers' Co-operative Societies and their unions—May 15, 1927.

Decree modifying the division of funds constituting the endowment of agricultural credit—August 17, 1927.

Law opening and closing credits for the year 1927 as relating to the general budget and the budgets annexed—December 9, 1927.

Decree regulating the administrative account of the National Agricultural Credit Bank for 1926—December 11, 1927.

Law confirming the general budget for the year 1928 (sections dealing with loans to Agricultural Mutual Credit Banks)—December 27, 1927.

Law modifying the law of April 1, 1898, relating to societies for mutual aid—December 28, 1927.

Decree prolonging the delay granted to popular banks to enable them to bring their rules into harmony with the provisions of December 27, 1923—December 31, 1927.



Decree fixing the rate of interest on advances granted by the State to Workers' Productive and Credit Societies—January 14, 1928.

Decree modifying the decree of April 7, 1927, fixing the rate of interest on long-term loans granted in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation—March 3, 1928.

Decree fixing a new division of the agricultural credit funds between different types of loans—March 9, 1928.

Law opening and closing credits for the year 1927 as regards the general budget and budgets annexed—March 19, 1928.

Law modifying the law of December 30, 1925, on maritime mutual credit—March 28, 1928.

Decree relating to the reduction in the maximum rate of interest on loans accorded by housing organisations—April 4, 1928.

Law on social insurance—April 5, 1928.

Decree concerning the legal position of Co-operative Reconstruction Societies formed by owners of property damaged in the War—June 9, 1928.

Monetary Law—June 25, 1928.

Decree fixing the rate of interest on advances granted to Artisans' Co-operative Societies and their unions—July 5, 1928.

Law authorising popular banks to amend their rules in order to make advances to artisans according to the terms of the above law—July 10, 1928.

Law approving a programme of cheap housing—July 13, 1928.

Law facilitating through State advances the granting of medium-term loans in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation, with the object of intensifying agricultural production—July 15, 1928.

Law opening credits for rural electrification—July 15, 1928.

Decree modifying the allocation of funds for agricultural credit amongst the different types of loans—August 11, 1928.

Decree relating to the application of the law of July 15, 1928, facilitating by means of State advances the grant of medium-term loans in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation with a view to encouraging the intensification of agricultural production—August 28, 1928.

Decree relating to Article 90 of the law of December 19, 1926, authorising the National Agricultural Credit Bank to receive deposits directly—August 28, 1928.

Decree relating to the application of Article 21 to the law of July 13, 1928, on Regional Agricultural Mutual Credit Banks—October 20, 1928.

Financial Law—December 30, 1928.

Decree fixing the rate of interest of advances granted by the State to Industrial Co-operative Societies for production and credit—January 5, 1929.

Decree fixing for the year 1929 the rate of interest on individual and collective loans at long term under the law of August 5, 1920—February 15, 1929.

Order of the Ministry of Agriculture regulating the election of delegates to the full commission of the National Agricultural Credit Bank—January 9, 1929.

Order of the Ministry of Finance instituting a Commission on the fiscal status of Agricultural Co-operative Societies—February 4, 1929.

Orders with regard to the personnel of the above Commission—February 13, 1929.

Decree and order on the recruitment of inspectors of Agricultural Associations and Credit Institutions—February 21 and March 4, 1929.

Decree regulating the administration of the law of April 5, 1928, on social insurance—March 30, 1929.

Decree regulating the public administration of the decree of February 9, 1921, on the law of August 5, 1920, on mutual credit and agricultural co-operation—April 4, 1929.

Order of the Minister of Agriculture fixing the rate of interest for Agricultural Mutual Credit Banks—April 10, 1929.

Law modifying the law of December 27, 1923, on the organisation of credits to Artisans' Co-operative Societies and their unions and to small artisans—May 1, 1929.

Decree modifying the allocation of agricultural credit between the different categories of loans—May 17, 1929.

Decree nominating a Commission for distributing assistance to societies for consumers' co-operation and their unions—May 26, 1929.

Law modifying the law of August 5, 1920, on mutual and agricultural co-operation—July 14, 1929.

Order modifying the order of May 19, 1921, relating to grants to credit institutions and to their control—July 20, 1929.

Law modifying the law of March 13, 1917, having for its object the organisation of credit to small and medium commerce and industry—July 24, 1929.

Law facilitating by means of State advances long-term credit operations affected on the application of the law of August 5, 1920, on mutual credit and agricultural co-operation—August 4, 1929.

Law facilitating advances by the State for purposes of long-term credit in application of the law of August 5, 1920, on mutual credit and agricultural co-operation—August 4, 1929.

Circular relating to the credit facilities placed at the disposal of producers of grain—September 19, 1929.

Decree relating to the application of the law of August 4, 1929, facilitating advances by the State for purposes of long-term credit in application of the law of August 5, 1920, on mutual credit and agricultural co-operation—October 22, 1929.

Decree modifying the decree of August 2, 1923, relating to the constitution and functioning of societies for mutual agricultural insurance which appeal for State aid—January 26, 1930.

Decree fixing for the year 1930 the rate of interest for individual and collective loans at long term agreed to under the law of August 5, 1920, on mutual credit and agricultural co-operation—March 23, 1930.

Law confirming the general budget for 1930—31—April 6, 1930.

Law approving the conventions entered into by the Mortgage Credit Bank of France, the National Agricultural Credit Bank and the National Credit Institution as to the application of the law of April 8, 1930, creating a provisional fund of 1 million francs in order to repair the exceptional damage caused by storms from March 1 to 10, 1930—April 16, 1930.

Law modifying and completing the law of April 5, 1928, on social insurance—April 30, 1930.

Decrees modifying the application of previous laws on social insurance—June 30, 1930.

Law on insurance contracts—July 13, 1930.

Law modifying certain paragraphs of the Civil and Commercial Codes relating to evidence in the case of societies—December 21, 1930.

Decree renewing the Commission distributing assistance to unions and societies for co-operative consumption—December 31, 1930.

Decree nominating members to the Commission distributing assistance to Workers' Productive Associations—January 14, 1931.

Decree fixing the rate of interest on individual and collective long-term loans made according to the law of 1920 on mutual credit and agricultural co-operation—January 22, 1931.

Law on Insurance, Capitalisation and Savings Institutions—February 10, 1931.

\* Law to facilitate the creation of unions of Agricultural and Consumers' Co-operative Societies with a view to reducing the cost of living—February, 1931.

Decree modifying previous decrees regarding the conventions between the National Bank of Agricultural Credit and other bodies for the application of the law of April 8, 1930—February 24, 1931.

Law allowing small artisans to receive long-term loans from Agricultural Credit Societies—March 17, 1931.

Law modifying the Labour Code as relating to Workers' Productive and Credit Societies—March 22, 1931.

Law completing previous laws on maritime credit—March 29, 1931.

Law authorising new State advances for the purpose of making medium-term loans by way of mutual credit and agricultural co-operation for the intensification of agricultural production—March 30, 1931.

Law establishing the general budget for 1931-32—March 31, 1931.

Law amending the Labour and Social Insurance Code (Workers' Productive and Credit Societies)—April 18, 1931.

Decree relating to the granting of State advances for medium-term loans through Mutual Credit and Agricultural Co-operative Societies—May 29, 1931.

Law authorising the National Agricultural Credit Bank to make short-term loans up to a total of 100 million francs to the Mutual Agricultural Credit Institutions of the colonies, protected or mandated territories on the guarantee of the local authorities and after a decree approving the loan—July 10, 1931.

Decree establishing the conditions under which agricultural syndicates and other bodies shall make payments in respect of social insurances—July 18, 1931.

Decree relating to the participation of French Workers' Societies in public competitions—October 1, 1931.

Decree opening credits for the encouragement of Consumers' Co-operative Societies—October 27, 1931.

Decree fixing the rate of interest in Savings Banks without communal guarantee—October 30, 1931.

Order relating to the decree on Workers' Societies and public competitions—November 3, 1931.

Decree fixing the allocation of agricultural credit among the different types of loans—December 3, 1931.

Decree fixing the rate of interest on advances by the State to Workers' Co-operative Societies for production or credit during 1932—January 9, 1932.

Order determining the sums which may be lent by Agricultural Credit Banks under the Act of December 28, 1931—February 15, 1932.

Decree determining for 1932 the rates of interest on individual and collective long-term loans under the law on mutual credit and agricultural co-operation—March 8, 1932.

Decree amending the decree of 1919 on the inspection of Agricultural and Credit Institutions—March 8, 1932.

Law increasing the credit granted under previous Acts for medium-term loans during 1931-32—March 24, 1932.

Decree relating to the area served by Maritime Credit Banks—April 4, 1932.

Law on co-operative milling—April 7, 1932.

Law completing the laws on maritime credit—April 9, 1932.

Law concerning the liquidation of Co-operative Reconstruction Societies—April 16, 1932.

Law facilitating by means of new State grants medium-term loans under the law on mutual credit and agricultural co-operation, especially in the case of young farmers on smallholdings and those who have suffered natural calamities—July 20, 1932.

Law facilitating by means of new State grants long-term loans under the law on mutual credit and agricultural co-operation—July 22, 1932.

Law regarding the liquidation of Co-operative Reconstruction Societies—July 26, 1932.

Decree modifying the law of August 5, 1920, on mutual credit and agricultural co-operation—August 25, 1932.

Decree concerning fresh advances for medium-term agricultural credit—October 12, 1932.

Decree concerning fresh advances for long-term agricultural credit—October 14, 1932.

Decree concerning the staff of the National Agricultural Credit Bank—October 15, 1932.

#### LEGISLATION APPLYING TO SEVERAL COLONIES

Decree making applicable to the colonies the Act of November 22, 1913, modifying Article 34 of the Commercial Code and Articles 27 and 31 of the Act of July 24, 1867, on Joint Stock Companies—October 31, 1919.

Law fixing the conditions of application to the Colonies of the law of March 7, 1925, relating to societies with limited liability—January 13, 1927.

Decree relating to the extension of the agrarian credit to French colonies and countries under French Protectorate or Mandate—April 17, 1929.

Decree relating to advances and credits granted by the National Agricultural Credit Bank to various colonies—December 4, 1931.

## ALGERIA

The first law authorising the formation of agricultural credit banks was passed in 1894 and several times amended. In 1901 it was extended to provide for regional banks. In 1909 the first State advances were authorised. In 1915 long-term credit was added to the functions of established credit banks. In 1925 the French law regarding consumers' societies was extended to Algeria.

In 1924 it was decided to reorganise the agricultural credit system and a decree was issued towards the close of the following year. It established (1) agricultural banks, local and regional, with unlimited liability, and (2) agricultural productive and marketing societies. Agricultural banks may be formed by members of agricultural professional associations, co-operative societies, etc., or by these organisations as corporate bodies. Shares must be one-quarter paid up, they are withdrawable so long as the capital is not reduced below initial capital and are transferable with the consent of the committee. The accounts of the bank must be audited annually. The bank may borrow, rediscount bills and receive deposits. Its purpose is to make loans either to individual or corporate members. Loans may be (1) short-term, for an agricultural object and for the period of the operation in question, the loan being made on a bill and the bank undertaking all payments and recoveries; (2) medium-term, up to six years (subsequently amended to ten) on sufficient guarantees; (3) long term, up to twenty-five years on mortgage or life insurance. Interest on (1) and (2) must be not less than that paid on the shares of the society nor more than 3 per cent. on the bank rate. Long-term loans may be at 2 per cent. to 6 per cent. but may not be more than 1 per cent. below the bank rate. More favourable terms are provided for ex-service-men and civilian war victims.

Regional banks act for the local banks and form a channel for the transmission of State advances and for their repayment. They may rediscount, borrow, receive deposits, issue bonds and undertake payments and recoveries.

Agricultural co-operative societies and syndicates may be formed for purposes of supply, marketing, processing and joint enterprises of an agricultural character. Membership is limited to those associated with agriculture. Capital is contributed by shares; liability may be limited or unlimited. Societies with unlimited liability may receive Government advances up to three times the amount of their paid-up capital, provided they make no commercial profit. The principle of "one man one vote" is established, or a limited number of votes may be fixed by rule. Interest on shares is limited to 6 per cent., and surplus is to be distributed in proportion to business done. The initial capital of societies must not exceed 200,000 francs but may be increased annually by the same amount. Societies may be constituted under the French law of 1867 or under the Civil Code. In the latter case, General meetings, at which proxies are permitted, must be attended by one-sixth of the members or by one-half if an alteration in the rules or the audited accounts are to be discussed. If the number is not secured, a second meeting of any number of members is valid. A two-thirds majority is required for a change in rules. A law of 1927 established an Agricultural Land Bank for Algeria, 23 per cent. of whose funds are allocated for distribution to co-operative societies and agricultural syndicates. It also provides for a loan by the Governor to the Bank of Algeria for purposes of promoting co-operation, mutual aid, cheap housing, etc. Further advances by the Bank of Algeria for these purposes is authorised by a law of 1932. In 1930 an amendment to the Co-operative Credit Act was passed providing for the registration and control of mutual

credit and agricultural co-operative societies by the local justice of the peace, regulates their system of book-keeping and fixes the maximum medium-term credit at ten years, and long-term at twenty-five years, provided the borrower is not over forty years of age, the maximum loan being 100,000 francs. Provision is also made for the disposal of funds in case of the dissolution of the society.

Law respecting Agricultural Credit Societies—November 5, 1894.

Law amending the law on Agricultural Credit Societies—July 20, 1901.

Law instituting regional offices of mutual agricultural credit—July 5, 1901.

Law amending the law on Agricultural Credit Societies—January 14, 1908.

Law amending the law on Agricultural Credit Societies—February 18, 1910.

Law authorising advances to Agricultural Co-operative Societies—February 26, 1909.

Decree applying to Algeria the law of 1913 on individual long-term credit—March 25, 1915.

Decree extending the law on Consumers' Co-operative Societies to Algeria—April 22, 1922.

Decree regulating professional syndicates and Co-operative Associations of tobacco planters in Algeria—April 20, 1922.

Law for organising mutual credit and co-operation in Algeria—December 20, 1924.

Decree respecting the reorganisation of co-operative credit and agricultural co-operation in Algeria—November 26, 1925.

Order applying the above decree—December 5, 1925.

Order creating compulsory associations for protection against locusts—December 28, 1926.

Law creating the Agricultural Land Bank of Algeria—July 28, 1927.

Decree authorising Maritime Mutual Credit Societies to receive grants from local and State authorities—June 11, 1929.

Decree concerning the fiscal position of the Algerian Land Bank—June 19, 1929.

Decree modifying the decree of November 26, 1925, relating to the reorganisation of mutual credit agricultural co-operation in Algeria—August 4, 1930.



Decree modifying the decree of November 26, 1925, concerning the organisation of mutual credit and agricultural co-operation in Algeria—December 25, 1931.

Decree authorising chambers of agriculture to affiliate to Credit Banks and to deposit their funds with them—December 25, 1931.

Law increasing the maximum issue of notes by the Bank of Algeria—April 9, 1932.

Decree applying to Algeria the law of April 7, 1932, authorising Co-operative Milling Societies temporarily to mix foreign wheat with that of their members—October 14, 1932.

## MOROCCO

Native thrift societies, which were to some extent co-operative in character, were first set up by *dahir* in 1917, but the system was amended in 1922 which provided for the formation of one society in each *caïdat* or group of *caïdats*, their objects being (1) loans to members in cash or kind for purposes of agricultural improvement; (2) similar loans to the victims of natural disasters; (3) agricultural insurances; (4) co-operative supply, purchase and processing; (5) co-operative ownership of machinery. The federation of societies is forbidden. Societies may be created by the vizier, they enjoy legal personality and are controlled by a Council of Administration with local sections. The council is composed of officials and local notables, all appointed and the latter removable. It meets at least twice a year. A central council, also with official membership, carries on control and supervision. Societies are officially inspected and may be dissolved by the vizier. Funds are provided by compulsory contributions collected in the form of a percentage on ordinary taxation, by voluntary contributions on the harvest, by the interest on loans and the charges for warehousing crops and by State subsidies and advances. Societies are directed to form

a special fund for the relief of distress. Loans are made only to members who are not already indebted to the society for a productive purpose and to a maximum value of 2,000 francs, either in cash or kind. In 1927 a central bank of native thrift and mutual benefit societies was set up to control the benefit and reserve funds of such societies and to transmit State advances. It is of an official character.

Agricultural credit, which appears to have been principally for Europeans, was dealt with by a *dahir* of January, 1919. It provided that local agricultural mutual credit banks might be formed by a minimum of seven members, all professionally connected with agriculture, though not necessarily as cultivators. The funds are provided by shares which are transferable with the consent of the bank and must be one-quarter paid up, together with deposits and State subsidies. The rules determine the methods of administration provided management is in the hands of members, interest on shares and deposits, maximum of deposit receivable on current account, and liability of members which, however, may in no case cease until the discharge of liabilities incurred before the member's resignation. The business of the bank is to make loans at short term, to discount bills, especially those of co-operative trading societies, to undertake agricultural repayments and recoveries and to place insurances. At least three-quarters of the profits are placed to reserve till the latter equals three-quarters of the share capital, when they are distributed in proportion to business done. On the liquidation of a bank any assets are distributed in proportion to subscriptions or are voted to a general agricultural purpose. The bank must prepare an annual balance sheet.

Central banks are formed by local banks, their members and other persons. Their business is to discount bills, make loans for the working capital of co-operative societies, reinvest their

funds and act as a channel for the transmission of State advances. They may charge a fixed interest to borrowing societies and may control their operation. Matters of shareholding, interest on shares (not exceeding 5 per cent.), maximum deposits on current account, and methods of liquidation are left to be settled by the rules.

State advances are made to central banks without interest on the recommendation of the Commission of Agricultural Mutual Credit. They may not exceed four times the paid-up share capital in amount or five years in duration, but they may be renewed. Overdue loans are charged interest at 5 per cent. Members may be sued individually and collectively for default if a guarantee of joint and several liability has been given. An annual balance sheet must be submitted.

Agricultural co-operative societies may be formed on similar lines. They may receive through central banks State advances up to double the paid-up share capital and for a maximum term of twenty-five years. Interest is determined from time to time. Societies are formed with shares of nominal value, bearing interest not exceeding 5 per cent. They may engage in production, manufacture, marketing, collective ownership of machines, supply of requirements, stockbreeding and general agricultural improvements. Rules fix the number of votes per member which must not exceed one-fifth of the number of shares. Profits must be placed to the extent of three-quarters to reserve fund, till the latter equals half the share capital. Further surplus is distributed in bonus on business done. The central bank may demand the joint and several guarantee of some or all of the members for loans, and may also require a mortgage where the loan is required for building purposes. In all cases it watches over the use to which loans are put.

In 1923 the law regarding agricultural credit was amended.

Shares, though withdrawable, might not be reduced below the level forming a basis for State advances. Loans may be short time, for the period of a given operation and secured by bill, or medium term up to six years with suitable security. The level of interest on shares may not exceed the bank rate. Where State advances are sought, liability must be unlimited and there must be a joint and several guarantee of the committee. The maximum extent of liability after a member's resignation is five years. Profits must be allocated three-quarters to reserve until the latter equals share capital, and then half to reserve. Further, any advances from the Bank of Morocco must be repaid before bonus may be distributed. On the dissolution of a bank, assets must be transferred to some other agricultural purpose. Interest-free advances from the State may be granted by the Commission of Mutual Agricultural Credit for five years to banks up to four times their share capital and up to twenty-five years, and double the capital to co-operative societies. No member of a co-operative society may hold more than one-fifth of the shares. Interest on shares must not exceed the bank rate. Profits must be paid three-quarters to reserve until the latter equals the share capital. Alteration in rules must be approved by any credit bank making an advance.

An Act of 1924 established agricultural syndicates mainly for irrigation purposes. An Act of 1930 authorised the formation of a union of co-operative "dock silos" to facilitate purchase and sale operations and the obtaining of advances on warehoused crops. Shares are one-quarter paid up and share capital may not fall below foundation level. All societies members have equal votes. The Union may receive State grants and advances without interest.

Dahir on Native Thrift Societies—May 26, 1917.

Dahir on agricultural credit—January 15, 1919.

Dahir on native agricultural credit—January 15, 1919.

Dahir modifying the dahir of May 26, 1917, on native societies for agricultural insurance—July 19, 1919.

Dahir on Mortgage Credit Societies—December 22, 1919.

Dahir modifying the above—March 13, 1920.

Dahir on Agricultural Mutual Insurance Banks or Societies—October 30, 1920.

Decree relating to an Agricultural Mutual Credit Bank at Oujda—January 14, 1921.

Order making an interest-free advance to the Central Agricultural Credit Bank of South Morocco—April 15, 1921.

Order authorising a modification in the rules of the Mortgage Bank—May 21, 1921.

Order making an advance free of interest to the Central Agricultural Credit Bank of North Morocco—October 15, 1921.

Dahir on Native Thrift Societies, modifying the dahirs of May 20, 1917, July 19, 1919, and April 12, 1920—January 28, 1922.

Dahir modifying and completing Article 17 of the dahir of May 24, 1914, on associations—January 31, 1922.

General instructions for the application of the dahir of January 22, 1922, on Native Insurance Societies—April 1, 1922.

Dahir on agricultural mutual credit—May 9, 1923.

Order on agricultural mutual credit—May 12, 1923.

Dahir on Agricultural Syndicates—June 15, 1924.

Vizierial order on the application of the above dahir.—June 20, 1924.

Dahir modifying the dahir of May 19, 1923, on co-operative agricultural credit—April 7, 1926.

Dahir on long-term loans to ex-servicemen—December 22, 1926.

Dahir creating a Central Bank of Native Insurance Societies—June 15, 1927.

Dahir modifying the dahir of 1925 instituting new forms of mortgage credit through the Bank of Loans on Real Estate in Morocco—March 5, 1928.

Dahir modifying the dahir of 1919 on societies for land credit—May 2, 1928.

Dahir modifying the dahir of 1920 on the bank of loans on real estate—May 2, 1928.

Dahir abrogating the dahir of March 5, 1928, on mortgage credit—November 10, 1928.

Dahir authorising exceptional advances to Agricultural Mutual Credit Banks—April 25, 1930.

Dahir authorising the formation of a union of Co-operative Dock Silo Societies and modifying the dahir of May 9, 1923, on agricultural mutual credit—May 21, 1930.

Dahir authorising further exceptional advances to Agricultural Mutual Credit Banks—July 30, 1930.

Dahir constituting a Federal Mutual Agricultural Co-operative Bank and modifying the dahir of May 9, 1923, on agricultural mutual credit—December 5, 1930.

Dahir creating Native Regional Savings and Agricultural Credit Banks and modifying the dahir of June 15, 1927, creating a Central Bank—June 1, 1931.

Order creating a Regional Native Savings and Agricultural Credit Bank at Rabat—November 13, 1931.

## TUNIS

The formation of co-operative societies in Tunis was authorised by a decree of 1907 and a series of decrees regulate the conduct of agricultural mutual credit banks and their regional organisations. Agricultural insurance is provided for by an Act of 1912 which authorises the formation of societies of agriculturists only, the minimum membership being seven, for the insurance of agricultural risks. Such societies are without shares and are supported by contributions and advances from the State and from mutual agricultural credit banks. They are directed to federate for the purpose of forming regional and finally central reinsurance societies. A decree of 1919 provides for compulsory insurance of standing crops, premiums being paid as an excess on taxes.

Decree regulating the constitution of Co-operative Societies—July 4, 1907.

Decree on Agricultural Mutual Insurance Societies—June 30, 1913.

Decree relating to the working of Regional Agricultural Mutual Credit Banks—June 7, 1915.

Decree on Agricultural Mutual Insurance Societies—July 3, 1912.

Decree forming professional associations of olive-growers—October 23, 1916.

Decree approving the statutes of Mutual Agricultural Insurance Societies and their tariffs for 1917—May 8, 1917.

Decree relating to the insurance of crops of native cultivators—October 25, 1919.

Decree completing the decree of May 5, 1919, on the organisation of credit to Consumers' Societies—September 3, 1922.

Decree providing for advances to associations of colonists—May 24, 1921.

Decree permitting agricultural medium-term credit—August 10, 1922.

Decree regarding the extension of insurance for the standing crops of native cultivators—May 27, 1924.

Decree renewing the advance to the Regional Agricultural Mutual Credit Bank—May 15, 1925.

Decree approving the rules of the Public Agricultural Credit Office—July 24, 1925.

Decree modifying the decree of March 3, 1892, with respect to the compulsory formation of Vine-growers' Syndicates—August 15, 1925.

Decree granting fresh loans to Agricultural Mutual Aid Associations—October 31, 1925.

Decree making a grant to the Public Office of Native Agricultural Credit—February 2, 1927.

Decree approving certain modifications in the statutes of the Public Office of Native Agricultural Credit—May 20, 1927.

Decree relative to the price of Crown land attributed to natives at the Public Office of Native Agricultural Credit—July 23, 1927.

Decree organising credit for small artisans—July 30, 1927.

Order regulating the application of the above decree—September 10, 1927.

Decree modifying the minimum rate of interest which Mutual Credit Banks and Agricultural Co-operative Societies may pay on their shares—April 20, 1928.

Decree increasing the maximum amount of medium-term loans which may be accorded to the same borrower by the Agricultural Mutual Credit Societies—May 22, 1928.

Decree permitting an advance to the Regional Bank of Agricultural Mutual Credit—July 25, 1928.

Decree increasing the maximum loans for agricultural medium-term credit—December 31, 1928.

Decree extending a State guarantee to agricultural warrants—July 4, 1930.

Order fixing the budget of the compulsory syndicate of vine-growers—December 20, 1930.

Decree abrogating and replacing the decrees of July 13, 1912, and June 30, 1913, relating to Agricultural Mutual Insurance Societies—March 26, 1931.

## CAMEROONS

An Act of 1931 establishes an Agricultural Credit Bank for the territory of Cameroons. The bank is to be formed by the Agricultural Syndicates, Agricultural Co-operative Societies, Native Friendly Societies, Native Agricultural Co-operative Societies and the members of the above bodies, together with Chambers of Agriculture and Commerce. All share capital is to be in their hands.

The bank may make loans to members (individual or collective), (1) short term, for agricultural purposes, usually the production of a single harvest and secured on that crop; (2) medium term, up to five years with annual amortisation; (3) long term, secured by land mortgage. The rate of interest on short- and medium-term loans must not be less than the rate of interest paid on shares, nor more than 1 per cent. above the discount rate of the Bank of West Africa. Rate of interest on long-term loans must be at least 1 per cent. below the discount rate, but may not be less than 3 per cent., except in the case of native cultivators who have passed through an agricultural school.

The constitution of the bank is left to be determined by the



rules. It may receive deposits from the public and carry on all forms of banking business for its members. Interest on capital is fixed at 6 per cent. A proportion of its officials are either appointed by the State or are civil servants selected by the Board. The State is authorised to make advances free of interest to the bank.

The same Act authorises the formation of native Friendly societies (for credit purposes), agricultural associations, which may receive collective loans, syndicates and co-operative societies. The business of the latter may include purchase, sale, manufacture and the use of machinery. The principle of distribution of profit on a basis of business done is laid down in the Act, but voting rights, shareholding, etc., is left to the rules. Liability for the repayment of advances from the bank is unlimited. There is a considerable measure of official control of local societies.

A decree of the same year authorised the formation of agricultural syndicates and associations by Europeans. Such associations may subsidise co-operative organisations and may engage in supply or marketing provided they do not distribute any profit or in the case of marketing charge for their services. The funds of such associations may not be distributed on dissolution but must be devoted to a similar collective purpose.

Decree organising mutual agricultural credit—June 4, 1931.

Order applying the above decree—August 7, 1931.

Decree concerning the constitution of syndicates or Agricultural Associations—December 4, 1931.

Decree modifying the decree of June 4, 1931, organising mutual agricultural credit—May 23, 1932.

## FRENCH EQUATORIAL AFRICA

Decree instituting agricultural credit in French Equatorial Africa—November 12, 1931.

## FRENCH INDO-CHINA

Both French and native credit societies and syndicates have existed for some time in Indo-China generally and in the province which forms the French colony of Cochin-China. An order was issued in 1927 regulating the constitution of provincial banks and the terms on which they may benefit as distributors of popular agricultural credit. One bank is permitted for this purpose in each Province and authorised to make loans to agriculturists, "collectives" and communes for the purchase of land, stock, or agricultural requirements, or to cover the expenses of harvesting and processing crops, irrigation, drainage, etc. The banks may borrow and may create reserves out of profits. They may be entrusted with the distribution of relief funds in cases of floods, epidemics, etc. They may dispose of land coming into their possession through mortgage. The constitution and administration of the banks is laid down in detail by the order.

A number of other orders and circulars elaborate the constitution of societies and their relation to the State and to State sources of credit. In 1931 the National Agricultural Credit Bank of France made a short-term advance of 7 million francs to the credit institutions of Indo-China. The most recent decree (of 1932) authorises native credit societies to convert short- and medium-term loans to their members into long-term loans with the State Land Bank.

Order creating an agricultural pledge—November 28, 1918.

Decree modifying the statutes of the Bank of Indo-China—December 5, 1920.

Order establishing an agricultural credit service—September 4, 1926.

Order regulating the organisation and functioning of popular agricultural credit in Indo-China—July 21, 1927.

Order modifying the first paragraph of the order of July 21, 1927, on popular agricultural credit—December 10, 1927.

Order relating to the constitution of native societies of agricultural mutual credit in Indo-China—January 28, 1928.

Order concerning French Mutual Agricultural Credit Societies in Cochinchina—November 29, 1929.

Circular reorganising native societies for agricultural mutual credit in Cochinchina—July 2, 1928.

Order amending the order of January 28, 1928, relating to the constitution of native societies for agricultural credit in Cochinchina—January 23, 1930.

Order admitting certain funds as guarantee for the operations of French Agricultural Credit Societies—March 24, 1930.

Circular concerning special loans for the purchase of chemical fertilisers—April 8, 1930.

Decree creating a Rice Office—April 10, 1930.

Order amending the order of January 28, 1928, relating to the constitution of native societies for agricultural credit in Cochinchina—August 5, 1931.

Order amending the order of November 29, 1929, on French Mutual Agricultural Credit Societies in Cochinchina—August 5, 1931.

Decree establishing a system of long- and medium-term loans—April 29, 1932.

## FRENCH OCEANIA

Order amending the order of October 20, 1922, reorganising the Agricultural Bank—September 29, 1923.

Order concerning an Agricultural Bank—October 24, 1924.

Order amending certain articles of the order of October 24, 1924, on the Agricultural Bank—March 3, 1930.

Order determining the conditions of short-term loans from the Agricultural Bank to agricultural syndicates in the colony—March 24, 1930.

## FRENCH WEST AFRICA

Native societies for mutual aid in agriculture were instituted by a decree of 1910 amended in 1915. The purposes of societies is stated to be the creation of reserves of selected seeds ; improvements in technique ; provision of agricultural implements ;

transformation of agricultural produce ; relief of natural disasters or personal accidents ; long-term loans to individuals or groups ; mutual insurance. No federation of societies is permitted. The Governor decrees where societies shall be compulsorily formed and contributions from members are collected with general taxes. Where a society exists all loans are made through it. Members are both participating and honorary. Societies are managed by committees consisting partly of officials, partly of one native delegate from each section. These are elected but can be dismissed by the Governor. The treasurer of each society is a Government official. Rules may be drawn up with considerable freedom regarding the conduct of meetings, funds, loans, etc., and may be altered after one year. A society may borrow from and loan to other societies or join with them in joint insurance. It enjoys civil personality. Loans may be long-term, repaid by annuities, for which only a proportion of the funds may be employed, or short term for one year only. The rate of interest is fixed by the Governor. The society draws up an annual balance sheet. It is open to Government inspection, both financial and in relation to warehousing, the selection of seeds, etc. Societies may be dissolved by a majority vote at a meeting at which two-thirds of the members are present. Surplus assets are not distributed but devoted to some useful local purpose. A central supervisory commission is appointed, mainly from official sources.

An Act of 1931 laid down that a Central Agricultural Credit Bank may be set up in each West African colony by the State. It shall be controlled by the State with representation of French and native agriculturists and local credit societies, provided at least three of these exist.

Central credit banks derive their resources from subsidies and loans without interest from the State. They may make loans

to individuals or collective bodies (native friendly societies, agricultural and co-operative societies, colonists' agricultural organisations and the members of the foregoing) and may carry on banking business on behalf of local societies. Loans may be short, medium or long term and are secured on documents, in the case of short term, on such as can be discounted at the bank of issue. Long-term collective loans are repayable by annuities.

Local banks may have as members any of the organisations named or their individual members. They must have at least seven members and share capital must be at least a quarter paid up. Interest is limited to 6 per cent. All internal arrangements are left to the rules. Official control is secured by the presence of a State official as chairman of the management committee. Auditing and inspection is carried on by the central bank.

The Act also provides for the formation of friendly societies, agricultural associations, co-operative societies, insurance societies and societies for general agricultural improvement on lines similar to those laid down for Cameroons.

A decree of 1931 makes a short-term loan of 35 million francs by the National Agricultural Credit Bank of France to West African credit institutions.

Several acts apply not to West Africa as a whole but to the separate colonies of Senegal, Ivory Coast, Dahomey and Upper Volta.

Decree organising native societies for mutual agricultural loans and assistance in French West Africa—June 29, 1910.

Decree reorganising native societies for mutual agricultural loans and assistance in French West Africa—January 8, 1915.

Decree reorganising Native Provident Societies—July 4, 1919.

Decree amending the decree of July 4, 1919, reorganising Native Provident Societies—December 5, 1923.

Order suspending provisionally the effects of the order of March 26, 1925, promulgating in French West Africa the law of March 7, 1925, to institute Limited Liability Societies—May 11, 1925.

Decree organising co-operative agricultural credit—May 23, 1926.

Order creating an Office of Production and Agricultural Credit—December 26, 1929.

Decree superseding a previous decree on the organisation of mutual agricultural credit—June 26, 1931.

Law approving a convention with the Bank of West Africa—April 12, 1932.

#### DAHOMÉY

Order according to native societies for insurance, help and agricultural credit, certain sums for the purpose of purchasing seeds for the forthcoming campaign of agricultural improvement—December 9, 1929.

#### IVORY COAST

Order regulating native provident assistance and Agricultural Co-operative Loan Societies—July 12, 1926.

Order nominating the Central Supervisory Commission for native societies for insurance, help and agricultural credits—January 29, 1929.

#### SENEGAL

Order concerning native societies for insurance, aid and agricultural credit—January 23, 1925.

Order repealing and replacing the order of January 23, 1925, concerning native societies for insurance, aid and agricultural mutual credit—April 5, 1931.

#### UPPER VOLTA

Order regulating the working of societies for insurance and agricultural mutual credit in Upper Volta—March 23, 1931.

### FRENCH WEST INDIES AND RÉUNION

For legislative purposes, Guadeloupe and Martinique are sometimes treated separately, sometimes together. In the latter case the Island of Réunion in the Indian Ocean is sometimes included. In 1929 an Act was passed authorising the formation of mutual agricultural credit banks and agricultural co-operative

societies in the islands of Guadeloupe, Martinique, and Réunion. Banks for agricultural objects only may be formed by agricultural syndicates, mutual insurance societies, co-operative societies, or associations of proprietors or by their members individually. Seven members are required for registration; shares are only transferable by consent of the bank. The bank is of unlimited duration; accounts are public and publicly inspected. The bank may make short- and medium-term loans to members, the latter being usually up to five years on some recognised security and amortisable at the rate of 20 per cent. annually. Long-term loans must be submitted to the central banks. Individual long-term loans must not exceed 30,000 francs, repayable by annuities over twelve years; the rate of interest is fixed at 2 per cent. below the bank rate, and must not exceed 4 per cent. Interest on loans is fixed by the Governor at not less than that on shares or more than 1 per cent. above the bank rate. Local societies invest their resources partly in current account, partly in shares with the central banks, one of which is to be set up in each island with the functions of discounting the local bank's short-term paper, providing credit to the local banks and making long-term loans to the local banks' individual members, receiving deposits from members and non-members, investing its surplus funds in approved securities, receiving grants from Government and controlling the local banks. A good deal with regard to their internal management is left to the discretion of the local banks, but certain points are fixed. Interest on shares must not exceed 6 per cent., or the rate on short- and medium-term loans. At least three-quarters of profit must be carried to reserve. In case of liquidation the assets of the society having received Government assistance must be used for some public agricultural purpose. The Act provides for the formation of agricultural syndicates, mutual insurance societies (authorised to receive State subsidies),

co-operative societies, and proprietors' associations for purposes such as drainage and irrigation. All these may become members of credit banks and utilise them like individuals. Agricultural co-operative societies may undertake: (1) production, manufacture, or marketing; (2) supply; (3) collective provision of machinery, electricity, etc. Membership is confined to agriculturists; no member may have more than ten votes. Profits are to be distributed on business done, with an allocation of 40 per cent. to reserve. The value of shares is invariable. After liquidation assets go to some agricultural purpose. Members are pledged jointly and severally for the repayment of advances from credit banks, but general liability is not specified. The Government is authorised to advance to the central bank from funds derived in part from sums contributed by the commercial banks of the three islands on the renewal of their privileges. A "Consultative Committee of Credit, Mutuality, and Agricultural Co-operation" is appointed by the Governor from official elements, with some representation of local banks or syndicates.

A certain amount of legislation preceded this Act in Martinique and Guadeloupe, its scope being indicated by the titles. A decree of 1931 authorises a short-term loan of 1 million francs each to the credit institutions of the three islands from the National Agricultural Credit Bank of France.

#### GUADELOUPE

Order determining methods of control and supervision of the Regional Bank of Agricultural Mutual Credit and also the working of the inspection service of the bank—April 26, 1924.

Order fixing conditions for the organisation and working of Agricultural Co-operative Societies—September 14, 1925.

Decree respecting Agricultural Co-operative Societies—January 15, 1926.

Order concerning the work of the French Land Bank—February 6, 1930.



## MARTINIQUE

Decree approving a decision of the General Council conferring sundry fiscal privileges on agricultural mutual credit—December 10, 1928.

## ANTILLES AND RÉUNION

Decree relating to the extension to the Antilles and to Réunion, of Article 44 of the law of 1920, on mutual credit and agricultural co-operation—July 5, 1929.

## FRENCH GUIANA

Order modifying Article 19 of the order of July 6, 1925, instituting the Agricultural Credit Bank of Guiana—July 1, 1927.

Order modifying the order of July, 1925, instituting an Agricultural Bank of Guiana—February 28, 1928.

Order completing the order of July, 1925, instituting an Agricultural Bank of Guiana, especially as regards loans on harvests—May 24, 1928.

## SAINT PIERRE AND MIQUELON

Order promulgating the law of March 7, 1925, to institute societies with limited liability—April 29, 1925.

## MADAGASCAR

The formation of syndicates for purposes of agricultural improvement, especially irrigation and drainage operations, was authorised by decree in 1913. In 1930 a further decree was issued organising credit, friendly societies and agricultural co-operation. A decree of 1931 authorises a short-term loan of 3 million francs by the National Agricultural Credit Bank of France to the credit institutions of Madagascar.

Decree regulating syndicates in Madagascar—June 3, 1913.

Order making the necessary provisions for the execution of the decree of June 3, 1913, on syndicates—April 25, 1914.

Decree organising credit, friendly societies and agricultural co-operation in Madagascar and dependencies—April 18, 1930.

Order regulating the conditions of applying the above decree—November 22, 1930.

Decree amending a previous decree on the organisation of credit and agricultural co-operation—August 19, 1931.

## GERMANY

THE first Act conferring legal status on co-operative societies was passed in 1867 and applied to Prussia only. It was adopted by the North German Confederation in 1868 and by the German Empire in 1871. It was superseded by the law of 1889, also applying to the Empire, which defined further the liability of members and which still forms the basis of German co-operative law. This in turn has been amended several times, both before 1900 and again between 1922 and the present year. There are also several laws applying to individual states. Societies are also affected to some extent by the general commercial law of the country. The law relating to agricultural insurance also contains provision for the formation of co-operative insurance societies.

By the law of 1889, the characteristics of a co-operative organisation are defined as: (1) Open membership; (2) promotion of the industrial or economic interests of the members; (3) communal management. These entitle an organisation to be registered as a co-operative society under the Act, but no penalty appears to attach to the unauthorised use of the word.

Societies are classified in seven types: (1) Credit, (2) Supply, (3) Marketing, (4) Productive, (5) Consumers', (6) Ownership

of Machinery, (7) Building. The minimum membership is seven. Liability may be limited, unlimited, or the members may be "liable to additional payments" (*Nachschusspflicht*), which in practice differs very little from unlimited liability. Members may not withdraw except with the consent of the society, and their liability continues for six months after withdrawal, or in certain cases where liability is unlimited, two years. Each member has one vote only. Proxy voting may take place in exceptional circumstances. Societies with a membership of over 3,000 must substitute a delegate meeting for the general meeting. Societies with a membership between 1,500 and 3,000 may do so. Proxy voting may only take place in exceptional cases. There is no limit to the amount of a member's shareholding unless it is imposed by rule. Shares must be at least 10 per cent. paid up. Credit and consumers' societies may not do business with non-members. Societies may increase their funds by borrowing.

The administrative machinery is characterised by the statutory introduction of the "supervisory council" (*Aufsichtsrat*) as an intermediary between the directors and the general meeting.

A certain proportion of profits must be paid into reserve. There are no special provisions as to the use to be made of the remainder but in practice it is apparently paid in patronal dividends, though a society may decide by rule to pay its entire profits into reserve. Dissolution may be (1) voluntary; (2) at the term of life of the society; (3) if the membership falls below the statutory requirements; (4) if business is not carried on as the Act directs; (5) if the society becomes insolvent. Liquidation follows, any remaining assets being divided amongst the members. The rules are drawn up by the society itself with considerable scope. Besides points already mentioned, they may modify certain conditions laid down by the law, as for

example : (1) the term of life of the society ; (2) trade with non-members ; (3) the questions for the decision of which a majority greater than the bare majority is required. There are provisions for federation. The amalgamation of two societies must be preceded by the dissolution of one.

Consumers' co-operative societies have been subjected to a tax of 2 per cent. on turnover (excluding bakery products), under an emergency decree of 1930. They have also been made eligible for loans in relief under a similar decree of 1932 which also applies to industrial credit societies.

*Prussia*.—Law relating to the civil rights of Industrial Co-operative Societies—March 27, 1867.

*North German Confederation*.—Law relating to the civil rights of Industrial and Economic Co-operative Societies—July 15, 1868.

*Bavaria*—Co-operative Law—February 11, 1870.

*Baden*—Co-operative Law—February 11, 1870.

*German Reich*.—Law relating to the declaration of Section 1 of the law of July 4, 1868—May, 1871.

\* Imperial law relating to Industrial and Economic Co-operative Societies—May 1, 1889.

Decree for carrying out the provisions concerning the Co-operative Register and for the addition of necessary particulars—July 11, 1889.

Orders for carrying out the Co-operative Register of 1889-90 in the twenty-five individual states.

*Prussia*.—Law relating to the establishment of a central institute for the provision of co-operative personal credit—July 31, 1895.

General decree concerning the compilation of statistics of industrial societies—May, 1896.

Law relating to the raising of State contributions,—June 8, 1896 (also April 26, 1898, July 13, 1909, September 5, 1918, and February, 1922).

Laws relating to the erection of agricultural warehouses—December 3, 1896, and June 8, 1897,

*German Reich*.—Law relating to the business of Consumers' Institutions—August 12, 1896.

Introductory law to the books of commercial law (Article 10)—May 10, 1897.

Re-enactment of the law of 1889 by notice of the Imperial Chancellor—May 20, 1898.

Notice relating to the carrying out of the Co-operative Register and the conditions of this register—May 20, 1898.

*Saxony*.—Order of the Minister of the Interior concerning new statutes of the Co-operative Estate Credit Union of the Kingdom of Saxony—February 17, 1911.

*Bavaria*.—Order relating to Agricultural Professional Co-operative Associations (Insurance)—November 30, 1912.

*Hamburg*.—Order relating to the statutes of the Hamburg Agricultural Professional Co-operative Association—December 27, 1912.

*Hesse*.—Law opening a credit to the Central Agricultural Co-operative Bank—January 10, 1914.

*German Reich*.—Law concerning Loan Banks—August 4, 1914.

Order concerning Sections 99, 118, 142, and 148 of the law on industrial Co-operative Societies—August 8, 1914.

Order concerning the revision of registered Co-operative Societies—September 8, 1914.

Order relating to the civil rights of Co-operative Societies with regard to the improvement of the soil—October 28, 1914.

Order relating to the representation of members at the general meeting of an Industrial Society and to the withdrawal of members—December 17, 1914.

*Ratzeburg*.—Order relating to the first supplement to the statutes of the agricultural professional Co-operative Association of Mecklenburg Strelitz—May 30, 1916.

*German Reich*.—Order relating to the commercial supervision of bankruptcy—December 14, 1916.

Order relating to the competency of the Union of German Agriculturists, Ltd.—May 21, 1920.

*Prussia*.—Law on the constitution of Co-operative Societies for the improvement of the soil—May 5, 1920.

*German Reich*.—Order on the dissolution of registered Co-operative Societies—May 25, 1920 (Amended, 1924).

Law amending the Co-operative Law—July 1, 1922.

Order for the execution of Section 43 of the Co-operative Law—October 24, 1922.

*Bavaria*.—Order concerning the rules of Livestock Insurance Societies—May 8, 1923.

*German Reich*.—Law amending the Co-operative Law—May 12, 1923.

Second administrative decree relating to the Revenue Bank—December 17, 1923.

Order containing the new text of the Ordinance concerning the register of Co-operative Societies—November 22, 1923.

Second Ordinance dealing with the register of Co-operative Societies—November 22, 1923.

Ordinance prolonging the period allowed for the audit—December 27, 1923.

Ordinance for simplifying procedure in Agricultural Accidents Insurance—January 17, 1924.

Ordinance relating to Sickness Insurance—1924.

Ordinance containing the new wording of the Ordinance concerning National Insurance—December 15, 1924.

Second Ordinance dealing with gold balances—March 25, 1924.

Ordinance for the limitation of advertisements—February 14, 1924.

*Prussia*.—Ordinance relating to the Committee of the Prussian Central Co-operative Bank—May 7, 1924.

*German Reich*.—Act to amend the Act on Co-operative Societies—1926.

Law modifying and completing the law on Co-operative Societies—December 16, 1929.

Emergency decree taxing the turnover of Co-operative Societies—January 1, 1930.

Law amending the Co-operative Law—March 3, 1930.

Emergency decree granting relief loans to Industrial Credit and Consumers' Co-operative Societies—September 4 and 5, 1932.

## GREECE

A LAW of 1914 provides the legal basis of co-operation in Greece. It is of a general co-operative character, and provides for agricultural credit, purchase, sale, production, consumption, and building. Membership is open. Members can withdraw after one year on giving six months' notice. The minimum period of membership may be increased to ten years by the rules. On retiring a member receives his part in the share capital (not the reserve) of the society, or in the case of societies in difficulties

pays his share in the existing debt. Shares may be transferred only to existing or prospective members. Liability may be limited or unlimited. In unlimited societies, each member has one vote, in limited societies the rules may allow a maximum of two votes to members holding more than five shares. There are no restrictions on shareholding. In the case of credit societies, no loans may be made to non-members. The total of loans and deposits is fixed by the general meeting. Ten per cent. of the profit must be paid to reserve, until it equals the total of other funds. The society may decide to pay all profits to reserve or may distribute them as bonus shares or as bonus on business done. The general meeting fixes the maximum deposits and credits which the society may handle. The sums to be granted to or received from individuals are fixed by the rules. Societies are governed by an administrative and a supervisory council. The society makes its own rules with considerable scope. There are provisions for federation. Societies enjoy legal personality; they are open to Government inspection; they receive credit through the Bank of Greece pending the formation of a Central Co-operative Bank. The State and Communes have preferential rights in purchasing from co-operative societies; societies have also the right of supplying the State without previous tender. Further privileges are special postal facilities and certain exemptions from taxation. Shares, etc., are not attachable for members' debts.

A subsequent law (1919) provides that the agricultural produce of members consigned to the society for sale or the proceeds of such a sale may not be seized for the member's outside debts. Liquidation may be voluntary by a three-fourths majority or through business failure or illegality. One or three liquidators are appointed. If any assets remain which are neither divided nor handed to any individual by decision of the society they are

deposited in the provincial bank to be used for co-operative purposes. The provincial bank is also ultimately responsible for the society's debts. Methods of book-keeping are laid down by decree. Societies may federate and unions are authorised to inspect societies and audit their accounts. The law provides for public education for co-operation and for the payment of an honorarium to persons securing the formation of a co-operative society. Co-operative societies tendering for State or municipal contracts need not make a deposit and are otherwise favoured. They may also buy agricultural requirements at cost price from the State. It has been made a penal offence to deter persons from joining a co-operative society. Subsequent decrees have provided in more detail for inspection and for the formation of a central Co-operative Council of an official character. It is further provided that in a district already served by an agricultural co-operative society, at least twenty-five members, all owning land in the district, are required before a new society can be registered. Societies may amalgamate by consent of the general meeting. Reserves must be invested in Government securities. Members of the management committees may not receive payment. Members of such committees and of supervisory councils may not receive loans from their societies.

The Agrarian Law of the country gives special privileges to agricultural co-operative societies over individual peasants in acquiring nationalised estates and other land in Government possession.

A bill for the organisation of agricultural services was before the Greek Chamber in the spring of 1929. It provides for the establishment, under the Ministry of Agriculture, of a service for the study of agricultural problems, including co-operation; it will organise land and agricultural credits and the re-establishment of landless peasants and refugees. The division of agri-



cultural economics will have the duty of guiding, supervising, and strengthening the agricultural co-operative movement, of carrying on propaganda for the establishment of co-operative societies, and of bringing about the federation of those already existing. It will establish loan and other special agricultural banks. The bill further provides for technical agricultural training organised round provincial centres.

In 1929 an Agricultural Bank was established with a capital of 1,640 million drachmas. The bank will be authorised to make long-term loans at  $7\frac{3}{4}$  per cent. and loans on pledge at 10 per cent. The bank is authorised to receive deposits guaranteed by the State. The State will transfer to it any surplus revenue allotted to the Refugee Loan after this has fulfilled its purpose. The bank has the right to rediscount bills up to a certain limit and at a lower rate than the usual discount rate. All the agricultural banks of Greece will be amalgamated with the bank but their capital will continue to be earmarked for use in their own districts. The objects of the bank are (1) to make short-, medium- and long-term loans to farmers ; (2) to support existing associations and organise new associations for the supply of agricultural and domestic requirements to their members at low prices and on credit ; (3) to facilitate through these associations storage, packing and bulk marketing of members' produce ; (4) to improve methods of cultivation through the service of agricultural experts ; (5) to promote thrift and crop insurance.

A decree of the same year exempts co-operative societies from import duties on machinery, implements and certain fertilisers not manufactured in Greece, provided that their members are small peasants unable to pay the duty. An exemption from duty on the export of the same articles is also granted.

Law concerning the allocation of an annual contribution to the Greek Agricultural Society—June 19–July 2, 1913.

\* Law on associations—December 31, 1914—January 13, 1915.

Royal decree concerning the delivery of agricultural produce to Credit Societies—July 15–28, 1915.

Royal decree concerning the method of keeping the books of Agricultural Societies—July 15–28, 1915.

Royal decree concerning grants of money to group of agriculturists and Agricultural Associations in lieu of grant to be supplied by the National Bank—February 3–16, 1916.

Royal decree on the Consultative Commission of Associations—November 13–26, 1917.

Decree-law modifying Article 3 of the law “on associations”—November 18–December 1, 1917.

Legislative decree relating to the inspectors of Agricultural Associations—May 31–June 13, 1919.

Legislative decree modifying the law on the Agricultural Bank of Thessaly—June 5–18, 1919.

Royal decree modifying the Royal decree of November 13–26, 1917, on the Consultative Commission of Associations—June 17–30, 1919.

Royal decree relating to the selection by competitive examination of inspectors of Agricultural Associations—July 20–August 3, 1919.

Law amending the law on the Agricultural Bank of Thessaly—January 15–28, 1920.

Law ratifying and completing the legislative decree May 31–June 13, 1919, “on the inspection of Agricultural Co-operative Societies”—January 27–February 9, 1920.

Law regarding the Agricultural Banks of Macedonia and Epirus and of the Ægean Isles—February 26–March 13, 1920.

Royal decree modifying the Royal decree of June 20–July 3, 1919, “on examinations for the post of inspector of Agricultural Co-operative Societies”—March 5–18, 1920.

Royal decree on the consultative council of Co-operative Societies—May 29–June 11, 1920.

Royal decree fixing the stations and areas of the inspectors of Agricultural Co-operative Societies—July 24–August 6, 1920.

Law encouraging societies for insurance against hail—September 24–October 7, 1920.

Law concerning the credit of Co-operative Societies of cultivators constituted by the National Bank—September 24–October 7, 1920.

Decree on the execution of the above law—October 3–16, 1920.

Royal decree completing and modifying the decree of 1919 concerning competitive examinations for inspectorships of Agricultural Co-operative Societies—November 16-29, 1921.

Royal decree fixing the number of inspectors of Agricultural Co-operative Societies at seven—December 11-24, 1921.

Royal decree of the accounts of the union of Agricultural Co-operative Societies—June 14-27, 1922.

Royal decree modifying Articles 2 and 4 of the Royal decree of October 20—November 2, 1915, "on Agricultural Co-operative Societies"—July 24—August 6, 1922.

Law on the organisation of an Insurance Society for the oil industry—August 12-25, 1922.

Decree availing as a law on the reconstruction of Co-operative Societies of farmers—March 28, 1923.

Royal decree extending the application of certain provisions of the decree availing as a law concerning the reconstruction of Co-operative Societies of landless farmers—April 18, 1923.

Decree availing as a law adding a paragraph to Article 32 of the above decree—April 18, 1923.

Decree-law creating Agricultural Banks—January 12, 1926.

Decree-law approving and modifying laws concerning the Agricultural Bank of Thessaly—November 13, 1927.

Decree approving and modifying the decree-law of January 12, 1926, on the creation of Agricultural Banks—November 13, 1927.

Decree on the representation of agriculturists in the Managing Councils of Agricultural Banks—December 10, 1927.

Law on the bank for the protection and development of stock-raising—September 21, 1928.

Law modifying the law on Agricultural Banks—January 12, 1929.

Law concerning agricultural syndicates for mutual insurance—January 19, 1929.

Law instituting an autonomous organisation for agricultural credit—February 15, 1929.

Law modifying law on Agricultural Associations—March 8, 1929.

Decree on the Administrative Commissions of Insurance Banks for the production of oil—July 19, 1929.

Law on the approval of the convention between the Greek State and the National Bank of Greece on the institution of an Agricultural Bank—August 13, 1929.

Decree on Agricultural Banks—October 25, 1929.

Decree concerning the organisation and working of Foresters' Co-operative Societies—March 20, 1930.

Decree concerning the building programme and the types and plans of houses to be built by Co-operative Societies of officials—January 12, 1931.

Decree facilitating the acquisition of houses by officials through Co-operative Societies—January 20, 1931.

Law amending the law of 1914 concerning Co-operative Societies—August 31, 1931.

## GUATEMALA

Decree respecting Article 8 of the Government decree prohibiting the formation of a new Co-operative Society in certain departments—April 3, 1924.

Decree approving the rules of the Confederation of Agricultural Societies—January 31, 1927.

Decree granting juridical personality to the Confederation of Agricultural Societies and approving its statutes—June 13, 1927.

Decree approving the Rules of the Co-operative Society for the Exploitation of Animal Production—January 17, 1928.

Decree authorising the executive to organise an institution of agricultural credit—June 7, 1929.

Decree making an allocation for purposes of agricultural credit—December 4, 1929.

Decree approving the above—June 2, 1930.

## HOLLAND

THE legal basis of co-operative activity in Holland is by no means uniform. Besides the Civil and Commercial Codes there exists a special law of 1855, on companies and societies and a special co-operative Act of 1876, which was replaced by an improved Act in 1925, without however affecting the position of societies already registered which preferred to make no

change. Some societies are registered as "moral," that is, non-commercial societies; others under the Companies Acts, others under a co-operative section added to the Companies Acts; others remained unregistered. In all cases the essential questions of liability, voting and distribution of profits are left to be determined by the rules.

Co-operative societies are legally regarded as trading companies and subject to the ordinary commercial law; they must be registered with the Chambers of Commerce, to which they pay an annual fee.

The 1925 Act defined co-operative societies as "Associations of persons who control the entrance and resignation of members, who have as object the promotion of the economic interests of their members and who pursue this object through joint economic action, through the joint production of necessities and the provision of insurance and credit facilities." The law makes the use of the word "co-operative" compulsory but does not protect it from improper use. Unlimited liability is laid down by the law, but the rules may provide for limited liability or for no liability. Most societies have in fact unlimited liability and practically no capital. The principle of one-man-one-vote, the unlimited duration of the society and the right of withdrawal of the members are also laid down in the Act, but may be altered by rule. A delegate meeting may take the place of the general meeting in large societies. The society's privileges are confined to corporate existence, and in some cases free incorporation. It is relieved of fees in connection with the registration of capital. Dissolution may take place (1) on reaching the term of the society's life if this has been fixed; (2) by resolution of the general meeting; (3) in case of insolvency. There are provisions for compulsory audit. Not only new societies but a large number of the societies already formed under one of the older Acts have

registered under this law, and it is hoped in time to include all in the same system. There are, however, a number of small organisations registered as "moral societies" and several large and heavily capitalised undertakings in the form of limited companies.

Civil Code.

Commercial Code.

Law on Societies and Companies—1855.

Law on Co-operative Societies—November, 1876.

\* Law on Co-operative Societies—May 28, 1925.

## DUTCH EAST INDIES

Credit organisation of a more or less co-operative character had been carried on for many years in the Dutch East Indies before the passing of the first Co-operative Act in 1915. The Act, based on experience in Holland, proved unsuitable and was little used. In 1927 a further Act was passed modelled on British Indian legislation. It is aimed at the promotion of self-governing native societies on strictly co-operative lines but under official control and supervision.

Co-operative Societies Act—1915.

Co-operative Societies Act—1927.

## HUNGARY

CO-OPERATIVE societies in Hungary are regulated by a special section of the revised Commercial Code which became law in 1875. A co-operative is defined as "a company whose membership is not limited and which is established to further the credit interest or economy of its members by means of a common enterprise or one which is based on mutuality." Societies are

formed of shareholding members who may withdraw all or part of their shares or may transfer them. Societies must be formed for a fixed period. Liability may be limited or unlimited. The society is governed by a general meeting which elects management and supervisory committees. In societies with over 10,000 members a delegate meeting may be substituted. Regular accounts must be kept and balance sheets drawn up. The society may be dissolved, (1) on reaching the term of the existence; (2) by resolution; (3) by amalgamation; (4) by insolvency; (5) by order of the courts if it breaks the law. Any remaining assets are distributed among members. All other matters, including voting rights and distribution of profits, are left to the rules.

A special Hungarian law dealing with credit societies was, however, passed in 1898. It provides that such societies may only exist in connection with a public corporation (including apparently publicly registered companies) or the Central Co-operative Credit Union. In 1920, the law was amended so as to compel all societies to be members of the Central Society. The law provides for open membership, though the operations of the society are to be confined to one district and it may not have branches. The society may accept deposits from, but may not give credit to, non-members. The conditions of granting credit to members and the individual maximum must be fixed. Members must subscribe for at least one share on entering the society. Each member is liable to the extent of five times the nominal value of his shares. Each member has one vote. Members may withdraw on giving due notice. Ten per cent. of net profit must be paid to reserve, till the reserve equals half the nominal capital. Further profit may be distributed in interest, not exceeding 5 per cent. on shares. Loss must be equitably distributed. Liquidation may be voluntary or compulsory; two liquidators are

appointed ; 50 per cent. of the remaining assets must be paid to the local Poor Fund. Taxation and stamp duty are remitted for societies members of the Central Union.

A second chapter of the Act of 1898 deals with the formation of the Central Union. Its membership consists of (*a*) foundation members, apparently individuals whose liability is limited to their membership shares ; and (*b*) ordinary members, which are local credit societies, with liability up to five times the value of their shares. Voting rights are fixed by rule. There is no maximum shareholding. Dividend on shares is limited to 4 per cent. of the profits. Ten per cent. must be paid to reserve, 10 per cent. to guarantee fund, and the remainder in dividends : (*a*) on foundation members' shares ; (*b*) on ordinary members' shares. The Central Union advances credit to its member societies ; it may also appoint a member to their Boards and exercise general control over their policy. It is itself subsidised and partially controlled by the Hungarian Government. It is exempt from taxation and stamp duty.

Revised Commercial Code (Section relating to Co-operative Societies) —1875.

\* Law on Co-operative Credit Societies, 1898.

Law on Co-operative Credit Societies, 1920.

Law amending the law on Co-operative Societies—1923.

Law on Industrial Productive Societies—1924.

Law on exemptions from taxation accorded to Hungarian Institutes for Agrarian Credit—1928.

## ITALY

CO-OPERATIVE legislation is based on a section in the ordinary Commercial Code of 1883, in which co-operative societies are defined simply as " societies with variable capital " as in French law. Various general Registration Acts also affect co-operative



organisation, and there is a mass of special legislation, mostly in the form of decrees, affecting various types of co-operative organisation, producers' associations, agricultural societies, societies for leasing land, insurance unions, cellars and distilleries, agricultural workers' unions, dairies, ex-servicemen's co-operatives, the National Credit Institute and the consumers' movement. These decrees deal especially with relations between co-operative societies and the State, the granting of State credit, which has been extensive, the leasing of public land to agricultural and other societies, and especially the carrying out of public contracts by co-operative bodies. These contracts were at first limited to a fixed amount, but this restriction was later removed; it was also made possible for societies to conclude such contracts by private treaty and they were further exempt from the necessity of making a deposit. Incidentally, these decrees fixed the internal constitution of societies carrying out public contracts.

By a decree of 1911, it was provided that all societies must have open membership, though in the case of agricultural societies it might be limited to agriculturists. Questions with regard to the admission of new members were to be submitted to the Provincial Vigilance Commission, a body composed partly of Government officials, partly of co-operators. A Central Commission was also established. Shares, which must remain always at their nominal value, might not exceed L.100. The maximum shareholding was fixed at L.5000. Later the value of shares was raised to between L.100 and L.500 and the maximum to L.30,000. There appear to be no provisions with regard to voting. At least 5 per cent. of the profits must be paid to reserve, which is indivisible. Further profits might be divided in (a) dividends on wages of members; (b) insurance, club benefit, education, etc.; (c) interest, not exceeding 5 per cent. on capital. Divi-

dends may not exceed the legal rate of interest on paid-up capital. On dissolution, the assets of a society are devoted to some public purpose. There were considerable privileges in the matter of taxation and subsidy. Another Act encouraged and laid down rules for the federation of societies into consortia. Societies are usually with unlimited liability. Recent legislation has placed co-operative societies to some extent under the control of the Minister of Corporations, who receives balance sheets and other particulars and may dissolve societies which fail to supply them.

A National Institute of Credit for Co-operation was formed in 1913. In 1914 co-operative credit societies were authorised to make loans on security, usually chattel mortgage, for one or more years. Throughout the period of the War special subsidies were made available to be used as credits for agricultural production, especially of cereals, and both the loans and the related supply and marketing operations were carried on largely through co-operative institutions.

In 1918 members of co-operative farming societies were brought within the scope of the Workers' Accident Insurance Act, and in the following year mutual insurance societies were set up with the object of insuring against the usual agricultural risks. The minimum membership is ten. Members pay an annual subscription and undertake to insure all their property in a given class. Membership must continue for at least one year. Societies are exempt from taxation and from incorporation and other fees. They enjoy civil personality and may federate for purposes of reinsurance. Each type of risk must be handled separately. From 20 to 50 per cent. of profits must be placed to reserve and invested in State securities. Premiums are fixed officially, and the Ministry of Agriculture carries on supervisory, advisory and audit service. It may subsidise in cases of ex-

ceptional loss. The internal management of the society, voting, distribution of profit, etc., is left to the rules. In 1924 provision was made for the compulsory formation of societies for insurance against criminal damage to livestock.

A Higher Council of Credit was set up in the Ministry of Industry and Commerce in 1919 in which co-operative credit societies were represented. The bases of agricultural credit was being gradually extended. In 1920 loans, usually derived from a State subsidy, were authorised for the purchase and exploitation of land by agricultural labourers' co-operative societies. In the case of these and other credits the State undertook to pay interest up to 2 or  $2\frac{1}{2}$  per cent. In 1923 the Land Credit Institute was authorised to make mortgage loans through other credit institutions.

In 1926 the National Institute of Co-operation was established by law and given drastic power of reorganisation to be applied to all branches of the co-operative movement.

A decree of 1927 provides for the method of making loans both to individuals and agricultural consortia, also co-operative and other bodies, including the National Labour Bank. All such bodies must submit to the supervision of the Minister of National Economy. The formation of a National Consortium for the application of credit to purposes of land improvement is authorised and may be formed by co-operative and other bodies. Agricultural credit operations are divided into (1) current, being for the period of a single agricultural process, and covering expenses of production, processing and marketing; the loan in this case is made on a bill; and (2) improvements, for a period up to five years on mortgage or similar security.

Some beginnings have been made in the establishment of an agricultural credit service in the Ægean Islands, Tripolitana and Eritrea, but it is doubtful how far it is of a co-operative character.

Commercial Code (Chapter ix, Section vii, Articles 219-228)—January 1, 1883.

Law amending the law of February 17, 1884, on the general State finances—July 11, 1889.

Law concerning the tax on registration—May 20, 1897.

Law on the stamp tax—July 4, 1897.

Law converting the Royal decree on April 5, 1900, into a law, increasing the bonus for the distillation of wines, and providing in favour of makers of second-class spirits and of cognac—December 29, 1901.

Law modifying Article 4 of the law of July, 1889, regarding Co-operative Productive Societies contracting for public works—May 12, 1904.

Law making provisions in favour of the wine industry—July 11, 1904.

Law making provisions for Co-operative Societies taking part in public competitions—April 19, 1906.

Law making provisions in favour of small Agricultural Co-operative Societies and small Agricultural Associations for Mutual Assurance—July 7, 1907.

Law on federation of productive and labour Co-operative Societies—June 25, 1909.

Law modifying the financial régime with regard to distilleries—July 11, 1909.

Law concerning the administration of Provincial Agricultural Credit Banks by the Savings Bank Department of the Bank of Naples and the agricultural section of the Bank of Sicily—February 2, 1911.

Decree approving the rules for Co-operative Societies and their consortia admitted to public adjudication—February 12, 1911.

Decree approving regulations for the administration of Provincial Agricultural Credit Banks—June 4, 1911.

Decree reorganising the Council for Social Insurance—October 20, 1911.

Decree making provisions for the foundation of the National Credit Institute for Co-operation—August 15, 1913.

Decree approving the formation of an Institute of Agricultural Credit in Liguria—September 3, 1913.

Decree concerning extraordinary measures for agricultural credit—October 11, 1914.

Decree taking measures for agricultural credit—June 17, 1915.

Decree authorising Agricultural Credit Institutions, ordinary Savings Banks and Co-operative Credit Societies, and the unions and federations of Agricultural Societies to discount bills with the banks of issue—September 29, 1915.

Decree modifying former decrees regarding loans to Agricultural Credit Societies and others—December 31, 1915.

Decree relating to the distribution of the dividends of Commercial Societies—February 7, 1916.

Decree concerning the credits of Co-operative Credit Societies and others—May 21, 1916.

Decree concerning credit to Agricultural Associations—October 8, 1916.

Law converting into a law the decree of October 11, 1914, concerning extraordinary measures for agricultural credit—January 4, 1917.

Decree postponing certain dispositions regarding loans to Agricultural Credit Societies and others—February 25, 1917.

Decree making an advance of 20 million lire to Agricultural Credit Institutions for advances to agriculturists increasing their area under cereals—June 28, 1917.

Decree to facilitate the obtaining of credit by Agricultural Societies for the purpose of growing cereals—July 26, 1917.

Decree concerning subsidies to cereal production—August 19, 1917.

Decree-law on agricultural credit in Sardinia—August 23, 1917.

Decree-law concerning concessions of tenancy to Agricultural Co-operative Societies for production and labour of State land and fishery rights in public waters—September 20, 1917.

Decree-law concerning credit to Agricultural Associations in Latium—October 4, 1917.

Decree repealing certain dispositions regarding agricultural credit—October 4, 1917.

Decree-law crediting the Minister of Industry and Commerce and Labour with L.50,000 for financial purposes 1917-18—December 30, 1917.

Decree concerning agricultural credit in Southern Italy—January 14, 1918.

Decree increasing the credits opened for advances to Agricultural Credit Institutions—April 14, 1918.

Decree opening a competition with prizes amongst Co-operative Societies of lemon growers proposing to manufacture citrate of calcium—April 14, 1918.

Decree making provisions to facilitate credit to autonomous Consumers' Organisations duly recognised and to legally constituted Co-operative Societies and their federations—May 26, 1918.

Decree-law abrogating and replacing the decree of October 4, 1917, making provisions for credit to the agriculturists of Lazio—July 14, 1918.

Decree increasing the credit opened for advances to Agricultural

Credit Institutions with a view to encouraging food production—July 14, 1918.

Decree-law concerning a fixed system of letting arable lands belonging to the provincial, communal, or other public bodies to legally constituted Agricultural Co-operative Societies—August 4, 1918.

Decree approving the rules for the election, renewal, and conduct of the delegate committee and of the administrative council of compulsory association of the Sicilian sulphur industry—August 15, 1918.

Decree providing funds for the expenditure of the Treasury, 1918-19—September 14, 1918.

Decree further increasing credits for food production—September 15, 1918.

Decree concerning the rules of the association of importers of coffee—September 21, 1918.

Decree-law concerning the constitution and the recognition of Industrial Associations—October 27, 1918.

Decree assimilating the Consumers' Institutes of servants of the States to Consumers' Communities and Groups—November 8, 1918.

Decree concerning the repayment of deposits in Credit Institutions in invaded districts—November 17, 1918.

Decree concerning the zoö-technical associations of cattle and buffalo breeders—November 21, 1918.

Decree approving the legal regulations for the conduct and functioning of national works by ex-service men—January 16, 1919.

Decree-law concerning the model rules for the execution of the Government public contracts—February 6, 1919.

Decree abrogating the provisions of the decree of March 24, 1918, concerning the raising of the capital of Joint Stock Companies—April 24, 1919.

Decree creating at the Ministry of Agriculture and Commerce a higher Council of Credit—June 15, 1919.

Decree providing measures for the allocation of credits from the State treasury to Co-operative Societies, Consumers' Institutions, and organisations for the purchase, storing, and distribution of necessities—July 24, 1919.

Decree-law, fixing the methods of organising Agricultural Associations for mutual insurance and making other provisions in their favour—September 2, 1919.

Decree-law making provisions for the renewal of the councils of associations for the improvement of property—November 9, 1919.

Decree providing for the reconstruction of Creamery Societies in the liberated provinces—January 26, 1920.

Circular of the Minister of Liberated Areas on the reconstruction of Creamery Societies—February 6, 1920.

Decree approving the regulations for the application of the decree-law of September 2, 1919—February 26, 1920.

Decree regarding the supervision of Agricultural Credit Institutions of the Basilicate—February 27, 1920.

Decree-law authorising a codification of Agricultural Credit Law—March 7, 1920.

Decree-law increasing the grant credit for cereal growing and making additional dispositions regarding agricultural credit in Capitanata—March 13, 1920.

Decree-law providing for financing Reconstruction Associations and labour Co-operative Societies in the new provinces for the restoration of devastated areas—April 3, 1920.

Decree-law providing for land loans to associations of agricultural labourers—April 22, 1920.

Decree-law authorising the formation of a consortium of savings banks and popular banks in Venetia to carry on Agricultural Credit Services—May 4, 1920.

Ordinance of the Commissioner of Venetia regarding credit to Consumers' Societies and their consortia—July 3, 1920.

Law converting to a law the decree of May 13, 1915, concerning the date of formation of Agricultural Credit Institutions in the Marches and Umbria—September 21, 1920.

Law authorising the expenditure of 300 million lire on carrying out public works—September 26, 1920.

Law making provisions facilitating credit to labour Co-operative Societies and to their federations—September 26, 1920.

Decree-law authorising the Italian Institute for credit to co-operation to employ in credit operations the fund of 20 million lire granted by the decree of July 24, 1919—November 7, 1920.

Decree approving regulations for the functioning of the land and agrarian credit section of the National Institute of Co-operative Credit—November 14, 1920.

Decree approving the law on concessions of land—December 15, 1921.

Decree modifying the statutes of the Agricultural Credit Bank of Latium—December 28, 1920.

Decree making new provisions for the reconstruction of Creamery Societies in the liberated provinces—February 5, 1921.

Law concerning the National Institute of Credit for Co-operation—April 7, 1921.

Law concerning credits to Consumers' Co-operatives—April 7, 1921.

Law making provisions regarding the National Institute of Co-operative Credit—April 7, 1921.

Decree regulating Consumers' Co-operative Societies—June 25, 1921.

Decree making provisions regarding the National Institute of Co-operative Credit—July 31, 1921.

Decree modifying the decree of February 6, 1919, on the model rules for carrying out public works—February 12, 1922.

Decree-law concerning the regulations facilitating credit to autonomous Consumers' Organisations and to Co-operative Societies and their federations—February 16, 1922.

Decree approving the statutes of the National Institute of Co-operative Credit—February 19, 1922.

Decree approving the unified text of laws on agricultural credit—April 9, 1922.

Law authorising the Government to codify the dispositions regarding agricultural credit—July 6, 1922.

Decree modifying the regulations on the work of the section for land and agricultural credit in the National Institute of Credit and Co-operation—August 21, 1922.

Decree making provisions for reorganising the Central Co-operative Commission—October 29, 1922.

Decree making provisions for the registration of professional organisations—October 29, 1922.

Decree approving the rules for the organisation, functioning, and inspection of Agricultural Associations envisaged by the law of August 4, 1894—October 29, 1922.

Decree-law modifying the organisation of the National Institute for Co-operation—December 2, 1923.

Decree making provisions to ensure the observation of the law on registration—December 30, 1923.

Decree providing fiscal facilities in favour of the National Credit and Co-operative Institute—December 30, 1923.

Decree concerning agricultural credit—December 30, 1923.

Decree making regulations concerning the national work of ex-service men—December 31, 1923.



Decree concerning the supervision exercised by the political authorities of the province over associations or corporations maintained by workmen's contributions—January 24, 1924.

Decree respecting the new statutes of the Sicilian Farmers' Association and the Acclimatisation Gardens belonging to them—January 27, 1924.

Decree-law taking supplementary measures regarding agricultural credit—March 4, 1924.

Decree-law on Mutual Associations against damage to livestock by criminal acts—August 8, 1924.

Decree approving the statutes of the National Institute of Credit for Co-operation in Rome and the autonomous Land Credit Section—September 11, 1924.

Decree establishing the maximum interests charged in Agricultural Credit Institutions—December 24, 1924.

Decree-law modifying a previous decree on the National Institute of Co-operative Credit—January 8, 1925.

Decree concerning the powers of the Agricultural Credit Institute of Central Italy—February 3, 1925.

Decree approving the new statute of the National Institute of Agricultural Mutual Aid in Rome—April 23, 1925.

Decree regarding the Agricultural Credit Institute of Central Italy—June 8, 1925.

Decree extending to the new provinces the laws on Co-operative Societies—August 7, 1925.

Decree-law with respect to Consumers' Co-operative Societies—September 17, 1925.

Decree extending to the new provinces, decrees respecting Agricultural Co-operative Insurance Associations—January 3, 1926.

Decree respecting the transformation of district agricultural consortia into agricultural associations and their investiture as corporative bodies—May 27, 1926.

Decree-law concerning the organisation of general warehouses—July 1, 1926.

Decree-law amending the law with regard to credit institutions—September 7, 1926.

Decree approving the rules of the provincial Fascist federations of syndicates of agriculturists, and of provincial syndicates of agriculturists—December 12, 1926.

Decree-law concerning the control of the working of Co-operative

Societies and the foundation of a National Institute of Co-operation—December 30, 1926.

Decree concerning the legal recognition of associations of Rural Banks, of Agricultural Banks and auxiliary bodies—December 30, 1926.

Decree-law fixing the limitations of shareholding in Co-operative Societies—February 10, 1927.

Decree making temporary dispositions with regard to declarations and obligatory syndical contributions for the year 1927—February 24, 1927.

Law making law the Royal decree-law of July 1, 1926, concerning the use of the words "mutual" and "popular" by credit establishments—April 14, 1927.

Decree assimilating the business of co-operative enterprises to those of syndicates—May 19, 1927.

Decree conferring legal personality on the National Fascist Federations of producers of artificial textiles, pottery, and similar products, also chemicals for agricultural purposes—May 19, 1927.

Law making law the Royal decree of August 13, 1926, making arrangements for the liquidation of consortia and Co-operative Societies—June 16, 1927.

Decree-law making dispositions relating to the organisation of agricultural credit in the kingdom—July 29, 1927.

Decree-law making arrangements for the improved functioning of hydraulic consortia and improvements in tenure—October 27, 1927.

Laws converting into law the Royal decrees of 1924 and 1925 concerning the use of the term "popular" on the part of societies which have not been constituted under the Co-operative form—December 15, 1927.

Decree approving the Act constituting a National Consortium of Agricultural Credit for improvements—January 20, 1928.

Decree regulating the execution of the Royal decree-law of July 29, 1927, on the organisation of agricultural credit—January 23, 1928.

Law converting into a law the decree-law of October 23, 1927, relating to agricultural credit in Tripolitana—February 2, 1928.

Decree approving the rules of the National Consortium of Agricultural Credit for improvements—March 19, 1928.

Decree authorising the Institute of Land Credit for the district of Trent to continue to provide mortgage credit and approving the rules of the said institute—May 10, 1928.

Decree modifying the decree of January 23, 1928, approving regula-

tions for the execution of the Royal decree-law organising agricultural credit in the kingdom—June 18, 1928.

Law converting into law with amendments, the Royal decree-law concerning the organisation of agricultural credit in the kingdom—July 15, 1928.

Decree-law modifying the decree-law of July 29, 1927, concerning organisation of agricultural credit—July 29, 1928.

Decree approving modifications in the rules of the National Consortium of Agricultural Credit for improvements—December 15, 1928.

Decree-law concerning the reorganisation of the National Labour Bank—March 18, 1929.

Decree approving the authorised text of the laws on Savings Banks and local credit organisations—April 25, 1929.

Decree making new provisions concerning agricultural improvements by consortia of landowners—September 13, 1929.

Decree concerning the formation in the Ministry of Agriculture of a Central Agricultural Credit Committee—May 10, 1930.

Decree-law concerning subsidies, now withdrawn, to special Agricultural Credit Institutions—July 3, 1930.

Decree concerning the recognition of the National Fascist Federation of Commerce—July 24, 1930.

Decree-law imposing penalties on Commercial Societies—October 30, 1930.

Decree postponing the repayment of rice loans to Agricultural Credit Institutions—November 8, 1930.

Decree concerning compulsory syndical payments—December 1, 1930.

Decree-law on the registration of Consumers' Societies—December 11, 1930.

Decree-law making regulations for the syndical incorporation of Co-operative Societies—March 1, 1931.

Law converting into law the decree of December 4, 1930, concerning the fusion of the Co-operative Institute and the State Employees' Bank—March 20, 1931.

Law converting the decree concerning the incorporation of Co-operative Societies into law—June 4, 1931.

Law converting into law the decree making more efficacious the State supervision of Co-operative Societies—June 5, 1931.

Decree approving the statutes of the National Fascist Institute of Co-operation—August 28, 1931.

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Decree of the Governor constituting an Agricultural Credit Bank for the Ægean Islands—January 23, 1928.

Decree of the Governor concerning agricultural credit in the Ægean Islands—August 12, 1928.

Decree of the Governor modifying a decree of August 12, 1928, concerning the Agricultural Credit Bank of the Ægean Islands—October 15, 1928.

### ERITREA

Decree of the Governor instituting an autonomous Agricultural Credit Service—April 8, 1930.

### TRIPOLITANA

Decree relating to agricultural credit operations—July 2, 1921.

Decree making an allocation of L.500,000 for purposes of agricultural credit—July 11, 1921.

## JAPAN

THE basic co-operative law of Japan was passed in 1900 after having been before Parliament for nine years. It was amended in 1906, 1909, 1917, 1921, 1923 and 1926.

By this law societies are classified as (1) Credit ; (2) Marketing (including processing) ; (3) Supply (including domestic consumption) ; (4) " Utility " (including the use by members of machinery, property, etc.) Societies may carry on more than one of these activities. Membership may be but is not necessarily confined to producers and is unlimited, but members of a credit society must live within the area of the society's operations. A member may not hold more than 30 shares, or, if specially provided for in the rules, 50. Shares may not exceed 50 yen (about £4 5s.) for a member of a co-operative society, or 500 yen for a society member of a federation. The general meeting may reduce the value of share capital or the guaranteed liability.

Shares are transferable, subject to the society's consent. Members may withdraw at the end of a working year if they give at least six months' notice. This notice may be extended by the rules to two years. Three forms of liability are recognised: (1) unlimited; (2) limited; and (3) guaranteed liability. In the latter form, members are liable for a fixed sum beyond their shareholdings. New members of unlimited societies must be admitted unanimously. Credit societies with limited or guaranteed liability may not accept deposits to a greater amount than that of their liability. Societies with unlimited liability may accept them to a sum equal to reserves and five times their paid-up capital. Committees may assume joint and several liability. At least seven societies may form a federation which may be with either limited or guaranteed liability. The formation of a central union is also provided for. Societies are controlled by management and auditing committees elected by and from the general meeting. Each member has one vote. Proxy voting is permitted. A two-thirds or three-fourths majority is required for certain decisions, and where persons of two occupations are present a two-thirds majority of those of each occupation may be required. Interest on shares is limited to 6 per cent. or up to 10 per cent. under certain conditions. Societies must set aside 25 per cent. of the profits in each year to reserve, until the savings have reached the sum required by the rules. In the case of credit societies, a sum at least equivalent to 25 per cent. of the deposits must be treated as reserve fund. All entrance fees, premiums on increased value of shares, etc., must also be placed to reserve. The balance of profits may be paid in bonus to employees, bonus on members' business with the society, or for special objects. Societies may be dissolved by decision of the general meeting, by amalgamation, by diminution of membership below seven, or by insolvency. Any remaining

assets are distributed to members. The duration of an association must be fixed by law. Societies are exempt from income tax and the other taxes. Societies are registered by Government authority, and a considerable measure of supervision exists. The Government is authorised to acquire the products of co-operative societies by private contract. The Government makes loans to co-operative societies at a low rate of interest through Mortgage Banks, and these and other credit banks are authorised to make loans to co-operative societies without security.

Co-operative societies come under the Commercial and Civil Codes for certain purposes. The use of the word "co-operative" is protected.

In addition to the basic law there exists in Japan abundant decree law, individual provisions being made for every possible type of co-operative activity—credit, export, fishing, forestry, irrigation, stock-breeding, housing, etc., also for analogous activities such as popular banking and insurance.

Acts of 1917 and 1926 provided for the formation and control of agricultural warehouses, principally for cocoons and grain which might be under co-operative control. They are authorised to undertake processing, marketing and advances guaranteed by the crop held. Co-operative warehouses may also do business for non-members except in the matter of loans. Warehouses may receive State subsidies.

In 1923 a Central Co-operative Bank was set up with limited liability and the right to set up branches or to use federations of co-operative societies for that purpose. Half the shares are held by the State which claims no interest in the initial period, and the remainder by co-operative societies and their federations. No federation may hold more than 200 shares. The Board of Directors and the auditors are officially appointed, as are the delegates to the council, half of whom however are elected in the

proportion of 1 to every 100 subscribers, apparently by the shareholders. All members have equal votes at general meetings; proxies are allowed. The bank carries on all banking business on behalf of co-operative institutions. It may issue bonds. Annual balance sheets are required; one-tenth of surplus must be placed to reserve. Interest on shares is limited to 6 per cent., and all the reserve equals one-quarter of share capital when it is raised to 8 per cent. The bank is under strict State supervision and is exempt from taxation.

A law of 1929 provides for the formation of societies for the insurance of livestock. Not less than seven persons may constitute such a society, which becomes a corporate body and enjoys certain exemptions from taxation. Members pledge themselves to insure all their stock with the society. Each member has as a rule one vote, but the rules may provide for a larger number of votes in certain cases, provided that the highest number exercised by any one member does not exceed one-tenth of the total. Societies are instructed to form a reserve; any profits available for distribution must be allocated in proportion to premiums paid by members. Societies may receive State grants to enable them to employ experts and reinsurance services are also provided by the State. Societies may be dissolved voluntarily as a result of business failure by fusion or by decision of the administrative authority.

A recent Japanese law provides for the formation of co-operative societies of emigrants or of persons interested in promoting emigration. The society may loan money to intending emigrants and may provide for the purchase or leasing of land, buildings, etc., in the country to which they go, as well as for the establishment of schools, hospitals, stores, etc. They may assist non-members if it is so provided in their rules. Only one society may exist for each prefecture, and they may federate in a national

organisation. The maximum share is fixed at 50 yen for a society and 500 yen for a federation. Systems of internal government, public inspection, etc., are similar to ordinary co-operative societies.

Much co-operative legislation is also in force in the Japanese dependencies—Korea, Formosa, Karafuto and Kwangtung.

\* Law on Co-operative Societies—March 6, 1900.

Law amending the law on Co-operative Societies—1909.

Order of the Minister of Agriculture and Commerce, concerning provisions for encouraging the constitution of Forestry Co-operative Societies—April, 1911.

Law amending the law on Agricultural Industrial Banks—March 30, 1914.

Law on Co-operative Stock-breeding Associations—January 13, 1915.

Imperial Ordinance modifying the law concerning local Forestry Societies—April 12, 1915.

Law modifying the law concerning Corporations and Co-operative Societies for the production of the principal commodities—March 6, 1916.

Imperial Ordinance giving effect to the above law—May 4, 1916.

Order of the Minister of Agriculture and Commerce, making rules for the application of the above law—May 29, 1916.

Decree concerning Co-operative Deep-sea Fishery Societies—June 30, 1916.

Decree of the Minister of Agriculture and Commerce, making rules for Co-operative Societies for aquatic products—June 30, 1916.

Order of the Minister of Agriculture and Commerce, making rules for the application of the law on Co-operative Stock-breeding Associations—July 31, 1916.

Order of the Minister of Justice, modifying the procedure and the registration fees for Forestry Co-operative Societies—December 21, 1916.

Order of the Minister of Justice modifying the rules for the registration of Fishery Co-operative Societies—December 21, 1916.

Law modifying the law on Co-operative Societies—July 20, 1917.

Law concerning agricultural warehouses—July 20, 1917.

Law amending the law on Agricultural Industrial Banks—July 20, 1917.

Order concerning the execution of the law on agricultural warehouses—August 15, 1917.



Order concerning the encouragement of agricultural warehouses—August 15, 1917.

Imperial Ordinance on the application of the above law—August 20, 1917.

Imperial Ordinance authorising the Government to acquire by private contract the products of Agricultural Associations, Stock-breeding Co-operative Societies, and federations of the latter—September 22, 1917.

Imperial Ordinance fixing a date for the application of the law on co-operation—October 26, 1917.

Imperial Ordinance concerning the functions to be exercised by the competent ministers in connection with the law on Co-operative Societies—October 26, 1917.

Imperial Ordinance making provisions with regard to the reserve funds, etc., prescribed in Article 46, 2, of the law on co-operation—October 26, 1917.

Order of the Minister of Justice, concerning the methods of registering Co-operative Societies—October 27, 1917.

Order of the Minister of Agriculture and Commerce, modifying the regulations for applying the law on Co-operative Societies—October 27, 1917.

Order of the Minister of Communications, modifying the rules on Post Office Savings Banks—November 21, 1917.

Order of the Minister of Finance, making rules for the allocations of subsidies to tobacco-growers' Co-operative Societies—April 1, 1919.

Order of the Minister of Agriculture and Commerce, making rules for the allocation of subsidies to Forestry Societies—May 5, 1919.

Order of the Minister of Communications regarding the investment of the reserves of Peoples' Life Insurance Organisations—August 19, 1919.

Order relating to Peoples' Life Insurance Associations—March 12, 1920.

Imperial Ordinance amending the Ordinance of 1912 on associations for the utilisation of water supply—April 16, 1920.

Order of the Minister of Agriculture and Commerce, amending the regulations for applying the law on corporations for principal products—August 28, 1920.

Law amending the law on Agricultural Industrial Banks—July 31, 1920.

Order of the Minister of Agriculture and Commerce, amending the regulations concerning Co-operative Fishery Associations—August 28, 1920.

Imperial Ordinances relating to People's Life Insurances—October 2, 1920.

Imperial Ordinance amending the regulations on loans which may be raised on the reserves of People's Life Insurance Societies—December 28, 1920.

Notification of the Minister of Agriculture and Commerce, amending notifications of 1915, concerning the accounts of Stock-breeding Associations and federations of the same and other matters—February 15, 1921.

Law amending the law on Mutual Loan Societies—March 8, 1921.

Law amending the law on People's Life Insurances—April 4, 1921.

Law concerning associations for aquatic products—April 9, 1921.

Law concerning Co-operative Housing Societies—April 10, 1921.

Law amending the law on Co-operative Societies—April 12, 1921.

Imperial Ordinance amending the Ordinance of 1917, concerning the reserve fund of Co-operative Societies—April 12, 1921.

Imperial Ordinance fixing a date for the application of the law on associations for aquatic products—June 3, 1921.

Imperial Ordinance concerning judicial proceedings, claims, etc., arising out of the application of Article 10 of the above law—June 4, 1921.

Order of the Minister of Agriculture and Commerce, making regulations for the application of the above law—June 4, 1921.

Order of the Minister of Agriculture and Commerce, making rules for the granting of subsidies to associations for aquatic purposes—June 4, 1921.

Imperial Ordinance fixing a date for the application of the law on Co-operative Housing Associations—July 5, 1921.

Order of the Minister of Justice, concerning the registration of Co-operative House Building Societies—July 6, 1921.

Order of the Minister of the Interior, making regulations for the application of the above law—1921.

Order of the Minister of Agriculture and Commerce, amending the regulations for the application of the law on Co-operative Societies—1921.

Law amending the law on People's Life Insurance—April 10, 1922.

Act on Agricultural Associations—April 11, 1922.

Order of the Minister of Agriculture and Commerce, amending the rules for the application of the law relating to Societies for Agriculture—May 8, 1922.

Imperial Ordinance fixing the date of the application of the Act of 1922 on Agricultural Associations—July 31, 1922.

Imperial Ordinance concerning protests, appeals, and complaints on administrative matters connected with the provisions of Article 30 of the law of 1922 on Agricultural Associations—July 31, 1922.

Order of the Minister of Agriculture and Commerce, making rules for the application of the law on Agricultural Associations—August 17, 1922.

Order making regulations concerning subsidies to Agricultural Associations—August 17, 1922.

Notification of the Minister of Agriculture and Commerce, issuing model balance sheets, statements of accounts, and membership registers of an Agricultural Association—August 26, 1922.

Law relating to the Central Co-operative Bank—April 5, 1923.

Imperial Ordinance relating to the foundation of the Central Co-operative Bank—July 3, 1923.

Order relating to the application of the above law—July 5, 1923.

Order approving the bylaws of the Central Co-operative Bank—July 16, 1923.

Law amending the law on Co-operative Societies—April 5, 1923.

Order of the Minister of Justice, containing enactments on the procedure for the registration of the Central Bank of Co-operative Associations—December 10, 1923.

Law amending the law on Livestock Breeding Associations—March 6, 1925.

Law with respect to export corporations—March 28, 1925.

Law with respect to Industrial Corporations for the export of principal products—March 28, 1925.

Order of the Minister of Agriculture and Forests, amending the regulations with respect to the concession of Forestry Associations—April 16, 1925.

Order of the Minister of Agriculture and Forests, amending the regulations for the application of the law on Agricultural Associations—April 25, 1925.

Imperial Ordinance with respect to the appointing of a special commission on co-operation—May 9, 1925.

Notification of the Minister of Agriculture and Forests, containing the models of the points to be inserted in the reports on social activity, on the estimates of expenses and receipts, of the register of members and accounts of associations of breeders and federations of associations of breeders—July 1, 1925.

Imperial Ordinance containing the date of the Law of 1925, amending the law of Livestock Breeding Associations—July 3, 1925.

Order of the Minister of Agriculture and Forests, modifying the regulations for the application of the above law—July 6, 1925.

Law amending the law on the working of agricultural warehouses—  
March 27, 1926.

Law amending the law on co-operation—April 6, 1926.

Imperial Ordinances applying the above law—May 19, 1926.

Imperial Ordinance respecting co-operative loans—July 21, 1926.

Order respecting subsidies to co-operative cocoon warehouses—  
September 1, 1926.

Law concerning associations for overseas colonisation—March 29, 1927.

Imperial Ordinance fixing a date for the application of the above—  
April 28, 1927.

Order of the Minister of Justice, making rules for the registration of  
associations for overseas colonisation—April 30, 1927.

Order of the Minister of the Interior, making rules for the application  
of the law on associations for overseas colonisation—April 30, 1927.

Law amending law of 1908 concerning limited companies for Eastern  
colonisation—May 11, 1928.

Order of the Minister of Agriculture and Forests making regulations  
to encourage agricultural stores—June 29, 1928.

Order of the Minister of Foreign Affairs making regulations concerning  
the registration of Popular Credit Associations in the district of the South  
Manchurian Railways—September 25, 1928.

Ordinance of the Minister of Finance, making regulations concerning  
loans accorded to local administration for purposes of grants to Co-  
operative Societies, etc.—November 9, 1928.

Law concerning the insurance of livestock—March 27, 1929.

Law establishing a Special Fund for the reinsurance of livestock—  
March 27, 1929.

Imperial Ordinance making regulations concerning a special account  
for the reinsurance of livestock—March 30, 1929.

Law amending the law of 1905 on Co-operative Breweries—April 12,  
1929.

Imperial Ordinance amending regulations applying the law on Co-  
operative Breweries—April 12, 1929.

Order of the Minister of Justice amending the order of 1925 concern-  
ing the registration of societies for the insurance of livestock—June 28,  
1929.

Order laying down procedure for the registration of societies for the  
insurance of livestock—June 28, 1929.

Imperial Ordinance fixing a date for the application of a law on the  
insurance of livestock—August 22, 1929.

Imperial Ordinance concerning livestock defined as the subject of insurance under the law on the insurance of livestock, also fixing the premiums and the cost of reinsurance—August 22, 1929.

Order of the Minister of Agriculture and Forests, making rules for the application of the law on the insurance of livestock—August 23, 1929.

Order of the Minister of Agriculture and Forests, making rules for the allocation of grants for the employment of experts by Livestock Insurance Societies—October 23, 1929.

Law modifying the law concerning associations for public works in the Hokkaido—May 16, 1930.

Order of the Minister of Communications concerning People's Life Insurances—June 15, 1930.

Order of the Minister of Communications concerning People's Life Insurances—December 4, 1930.

## JAPANESE DEPENDENCIES

The Co-operative Acts of Japan would appear to have been in large measure applied to Korea and Formosa, and in lesser degree to Karafuto and Kwangtung by special ordinances. The people's co-operative banks of Korea, however, as established by an ordinance of 1914, present some special characters. They may be formed with a minimum membership of five and the number must be unlimited. Shares must be of 10 yen and are transferable with the consent of the society. Liability is limited. At the general meeting each member has one vote and proxies are permitted. The society is controlled by directors and a council, both elected by and from the general meeting. The purpose of the society is to make loans to, and receive deposits from, members. By permission it may also receive deposits from non-members. It may further carry on co-operative supply and marketing and may act as agent from Agricultural-Industrial Banks. Banks are subject to official control and may only invest in public funds. Dissolution may be brought about by decision

of the general meeting, by amalgamation, lack of members or insolvency. Any remaining assets are distributed among members.

Agricultural and industrial banks whose formation was authorised in the same year are joint stock companies making loans on mortgage for agricultural purposes to, among others, agricultural associations and co-operative banks.

## KOREA

Ordinance of the Governor-General of Korea concerning the formation and working of People's Co-operative Banks—May 22, 1914.

Decree concerning the institution of Agricultural Industrial Banks—May 22, 1914.

Ordinance concerning the supervision of People's Co-operative Banks—August 4, 1914.

Decree concerning associations for the use of the public waters—July 17, 1917.

Order making rules for the above associations—July 17, 1917.

Order putting the above decree into execution—July 17, 1917.

Order making regulations for the administrative inspection of local Credit Associations—December 1, 1917.

Ordinance modifying the ordinance on Commercial Societies—June 26, 1918.

Ordinance modifying the ordinance on local Credit Associations—June 27, 1918.

Decree modifying the rules concerning the personal guarantee of directors of local Credit Associations—October 1, 1918.

Order modifying the rules concerning the administrative control of local Credit Associations—October 1, 1918.

Order of the Governor-General making rules for the supervision of activities of local Credit Associations—January 13, 1919.

Order regulating subsidies to associations for the use of water—April 19, 1919.

Order amending the regulations for the application for the ordinance on associations for the utilisation of the water supply—February 20, 1920.

Ordinance making provisions for the abolition of the ordinance on Commercial Societies—April 1, 1920.

Order amending the regulation concerning the administrative control of Credit Associations—July 1, 1920.

Order amending the regulations for the granting of subsidies to societies for the utilisation of the water supply—December 27, 1920.

Order amending the rules concerning the administrative supervision of People's Credit Associations—August 13, 1921.

Order making rules for the payment of subsidies to Co-operative Fisheries Associations—April 27, 1922.

Ordinance relating to the associations for agriculture—January 13, 1923.

Order amending the regulations relating to the procedure for the regulation of People's Credit Associations—January 29, 1923.

Order containing regulations for the application of the ordinance relating to associations for agriculture—February 26, 1923.

Order amending the model statutes for the constitution of associations for the utilisation of the water supply—September 19, 1924.

Decree regulating grants to Forestry Associations—January 12, 1927.

Ordinance respecting co-operation—January 25, 1926.

Orders applying the above—January 25, 1926.

Ordinances on the taxation of Co-operative Societies—February 1, 1926.

Order regarding Credit Societies—July 12, 1926.

Ordinance amending the regulations respecting Water Utilisation Associations—December 28, 1927.

Ordinance amending regulations concerning Irrigation Societies—December 28, 1927.

Order amending regulations concerning Co-operative Fisheries Societies—August 1, 1928.

Ordinance amending the ordinance on Popular Credit Associations—December 24, 1928.

Order amending the ordinance on Popular Credit Associations—April 27, 1929.

Order making regulations concerning the administrative control over Popular Credit Associations—April 30, 1929.

Order modifying regulations concerning the method of registering Popular Credit Associations—April 30, 1929.

Order amending the regulations concerning grants to Fishery Associations—May 8, 1929.

Order fixing a date for the application of ordinance of 1928, amending the ordinance concerning Popular Credit Associations—May 17, 1929.

Ordinance amending the ordinance concerning patent regulations—August 23, 1929.

Order modifying regulations concerning the administrative control of Popular Credit Associations—September 28, 1929.

Order making regulations concerning Fishery Co-operative Societies—December 10, 1929.

Order making regulations for the administration of Fishery Co-operatives—December 10, 1929.

Order making regulations concerning societies for agriculture—December 10, 1929.

Order concerning the registration of Fishery Societies—March 12, 1930.

Order amending the regulations concerning Fishery Associations—May 6, 1930.

Order amending the regulations concerning societies for agriculture—August 11, 1930.

Order concerning the supervision of People's Credit Associations—August 23, 1930.

## FORMOSA

Regulation for the Co-operative Societies of Formosa—February 10, 1913.

Order making rules for the application of the law on Co-operative Societies producing principal commodities—November 21, 1916.

Order making executive provisions for the regulation of Co-operative Societies—November 22, 1917.

Ordinance modifying the regulations for Co-operative Societies—July 4, 1918.

Order modifying the rules for the application of the law on corporations of producers of principal products—July 10, 1918.

Order concerning the amalgamation and continued activity of certain Agricultural Associations—August 22, 1920.

Edict modifying the regulations on Co-operative Societies, 1920.

Order amending the rules for the application of regulations concerning the Co-operative Societies—September 1, 1920.

Order amending the regulations concerning the formation of a reserve fund in the case of Co-operative Credit Associations in urban districts—September 1, 1920.

Order relating to the application of the law on mutual loans—August 17, 1921.



Order amending the rules for the application of the regulations concerning Co-operative Societies issued by the Order of 1907—December 15, 1921.

Order fixing a date for the application of the edict of March 10, 1921, concerning associations for the utilisation of the water supply—May 22, 1922.

Order making rules for the application of the edict concerning associations for the utilisation of the water supply—May 22, 1922.

Order providing for the functions of officials for the utilisation of the water supply—May 22, 1922.

Order concerning the fees, responsibility, and deposits of officials of associations for the utilisation of the water supply—May 22, 1922.

Order making disciplinary regulations regarding the officials of the associations for the utilisation of the water supply—May 22, 1922.

Order making arrangements for the dispatch of the business of officials of associations for the utilisation of the water supply—May 22, 1922.

Order containing rules for the application of the law relating to syndicates of producers of the principal commodities—January 1, 1923.

Order amending the regulations for the application of the ordinance relating to associations for the utilisation of the water supply—January 28, 1923.

Order directing that the registration of Co-operative Societies shall be carried out in accordance with the provisions of the order of 1917, of the Minister of Justice—February 13, 1923.

Order to regulate the enforcement of the law on Agricultural Associations—January 17, 1924.

Order laying down regulations respecting Fishing Associations in Formosa—March 8, 1924.

Order respecting the delivery of copies of extracts from the Registration Acts of Fishing Associations or Federations of Associations—March 8, 1926.

Order with respect to complaints and appeals in virtue of the provisions of Article 26 of the law on Agricultural Associations—April 10, 1925.

Edict amending the regulations of co-operation—December 18, 1926.

Order amending order of 1917, making rules for the application of rules concerning co-operation—December 18, 1926.

Order amending order of 1924, making regulations for the application of the law on Irrigation Societies—May 6, 1928.

Order amending the order of 1922, making regulations for the application of the ordinance on Irrigation Societies—May 10, 1928.

## KARAFUTO

Order amending the rules for Co-operative Societies for production and fisheries—June 17, 1917.

Order modifying the rules for the application of the law on Co-operative Societies—December 27, 1917.

Order modifying the rules for the application of the law on Co-operative Societies—June 9, 1918.

Order making rules to carry out the ordinance on Co-operative Fisheries—April 18, 1919.

Order making rules for carrying out the law on Co-operative Societies—July 22, 1919.

Order amending the administrative instructions concerning Co-operative Societies and Co-operative Federations—July 22, 1919.

Order concerning the declaration of commercial companies—August 14, 1922.

Imperial ordinance extending to Karafuto a part of the law on Agricultural Associations—June 4, 1927.

Order making rules for the application of the law on Agricultural Associations—July 20, 1927.

Imperial ordinance extending to Karafuto the law on mutual loans—November 4, 1930.

## KWANGTUNG

Imperial Ordinance applying the law on Co-operative Housing Societies to Kwangtung—November 15, 1922.

Order containing regulations for the application of the Imperial ordinance relating to Co-operative Societies for building dwelling-houses—November 30, 1922.

Order amending the regulations respecting Fishing Associations—August 24, 1923.

Order relating to Agricultural Associations—May 6, 1926.

Order laying down procedure for the registration of Popular Credit Societies—September 25, 1928.

Order making regulations applying the above ordinance to the district of the South Manchurian Railway—September 22, 1928.

## LATVIA

Co-OPERATIVE legislation is based on the Russian law of 1917, which was re-enacted with minor amendments in 1919. Co-operative societies, according to this Act, are bodies with variable membership and capital and may engage in the following activities: saving and credit, consumption, production, mutual purchase, mutual sale, transport and warehousing of goods, joint use of machinery and tools, agricultural production, mutual insurance, joint acquisition and use of land, construction, building and housing, hire of labour ; also unions of societies and mixed types of societies and unions. Application for registration of a society is made to the district courts. Membership is open, the minimum number being seven. Methods of withdrawal are determined by rule. Liability may be limited, unlimited or contingent, and continues one year after withdrawal. Each member has one vote and no proxy voting is permitted. Shares may be transferred with the consent of the society. In the case of credit societies a supervisory council is introduced in addition to the management and auditing committees ; in other types it is optional. Interest on shares must not exceed 8 per cent. In the case of societies without shares at least 20 per cent. of profits must be placed to reserve. In the case of other types the amount is optional. The duration of a society is fixed. Dissolution may be voluntary or compulsory ; in the former case it is carried out by the management committee, in the latter by the courts. Any assets must be devoted to a co-operative purpose. Societies may form unions.

All co-operative societies are registered under the general law concerning societies, companies and political organisations (July 18, 1923), and thus acquire juridical personality. The State Economic Department of the Ministry of Finance super-

vises the societies and audits their accounts. Subsidies are granted for the promotion of co-operation.

A law of 1927 establishes a ministerial auditing board for co-operative societies and compels all such societies to submit their accounts to official audit at least once in two years, with a view to ensuring (1) that their business is genuinely co-operative, and (2) that their books are properly kept. The members of this body are to the extent of one-third representatives of Government, with the Bank of Latvia, the remainder being representatives of the co-operative unions. Audit is compulsory on the demand either of the unions or of the council. Auditors are furnished by the council and paid for by the societies. They can invoke legal powers. Supervisory rights are also exercised by special associations and unions of co-operative societies.

*Russia*.—Law relating to Co-operative Societies and their unions—March 20, 1913.

Law relating to registration of societies and companies—June 21, 1917.

Law relating to Co-operative Congresses—August 1, 1917.

*Latvia*.—\* Regulations concerning Co-operative Societies and their unions—September 5, 1919.

Law on Political Associations, Assemblies, and Organisations—July 18, 1923.

Additions and amendments to the law of 1919—June 19, 1924.

Instructions to societies for the breeding of pure breeds of domestic animals—November 14, 1924.

Additions and amendments to the law of 1919—June 16, 1927.

## LITHUANIA

THE co-operative law of Lithuania is modelled on the Russian law of 1917 which, however, was never actually in force in the country.

The position of co-operative societies of all kinds is established

by a law of 1919. There are full provisions for the federation of societies and the formation of co-operative unions. There is also an official Co-operative Department attached to the Ministry of Commerce and Industry which is responsible for the registration of societies, etc. Membership of a society is open. Liability is limited either to the member's shareholding or to a fixed amount not larger than five times the amount of paid-up shares. Members may withdraw on due notice, but may not transfer their shares. The society's share capital may not be seized for the debts of individual members. Each member has one vote. Societies are governed by a Board of Management and, in the case of credit societies, also a supervisory council. An auditing committee must in all cases be elected. A registered society may acquire and sell all types of property, pledge itself and enjoy all other rights of corporate existence. The formation of a reserve is obligatory. Twenty-five per cent. of net profit must be paid to reserve until it equals the amount of share capital. The maximum interest on shares is 8 per cent. A co-operative society is wound up (1) on the expiry of its specified term of existence; (2) by decision of the members; (3) on bankruptcy.

Agricultural co-operative societies pay no taxes. Other co-operative societies enjoy certain exemptions.

Law on Co-operative Societies and Unions—January 30, 1919.

## LUXEMBOURG

THE law on agricultural associations passed in 1900 covers a variety of organisations including agricultural credit societies. It is not, however, clear whether co-operative trading societies are invariably registered under this Act or whether the provisions of the Commercial Code are also open to them.

An order was issued in January, 1930, instituting a High Council of Agricultural Co-operation and Mutual Aid, to be nominated by the Minister of Agriculture. Its work is to supervise and control existing co-operative societies and to promote the formation of new ones. It also acts as technical adviser and recommends undertakings for State assistance.

Law on Agricultural Associations—February 27, 1900.

Order on Savings Banks and Land Banks—November 19, 1900.

Law according civil personality to Stock-breeding and Horticultural Associations—August 6, 1921.

Order amending the order on Land Banks—June 29, 1925.

Law conferring civil personality on associations aiming at the creation and administration of Savings and Credit Banks—June 26, 1927.

Order modifying the orders of November 19, 1900, and June 29, 1925, concerning the organisation of Savings Banks and Land Banks—December 23, 1927.

Law on associations not for profit and on public utility establishments—April 21, 1928.

Order establishing a High Council of Agricultural Co-operation—January 13, 1930.

## MEXICO

PROVISION for co-operation was made under the Agrarian Laws of 1915 and 1917. The National Agrarian Commission, through its Department for the Utilisation of Communal Lands, set up "co-operative societies, which are companies formed by the rural inhabitants of the communes, in which all members are organised for work in common for the purpose of production without any help from capitalist institutions." These societies were supported in every way by the Federal Government—supply of agricultural requirements at cost price payable by instalments, distribution of seeds, in some cases cash loans. Co-operative organisations were also encouraged through the special adminis-

trative committees, in the native reserves and in connection with schools. "The profits of communal working of land are divided as follows : 85 per cent. to the cultivators according as they themselves may decide, 10 per cent. for the funds of the co-operative society from which farm implements, work animals, and breeding stock are purchased, and 5 per cent. for charges, improvements, or municipal dues." The outcome of this Act was, however, limited, especially as it applied only to members of communities where land was held and worked in common. Two Credit Acts were passed in 1925 and 1926, and in 1927 a general Co-operative Law was passed throwing open the co-operative movement to agriculturists of all types.

A new Co-operative Law was passed in 1927. The use of the word "co-operative" is limited to societies registered under the Act. Societies acquire legal personality and are enrolled in a special public register. Societies may be of three classes—agricultural, industrial, and consumers'—and may be either local societies with peasant or worker members, or federations with a membership of societies. The minimum membership is 10 ; each member has one vote. Agricultural co-operative societies must be with unlimited liability. They may undertake the following functions : (1) credit, short- or long-term ; (2) production ; (3) labour ; (4) insurance ; (5) construction ; (6) transport ; (7) sale ; (8) purchase. Federations may be with limited liability. Share capital must be unlimited, but the maximum individual holding is fixed by rule. Profits must be distributed as follows : 20 per cent. to reserve, 10 per cent. to the administrative council, and 70 per cent. to the shareholders. Co-operative societies are subject to land tax in respect of their property in lands and buildings, to municipal rates and taxes, and to income tax. They are exempt from stamp duty, and are subject to the control of the National Banking Commission.

The Act on Agricultural Credit of 1926 established a National Agricultural Credit Bank to supervise and finance local and regional agricultural credit societies. The members of regional societies must be agriculturists, or users of water, transport or similar services. Local societies might only have agriculturists as members. They might also act as suppliers of agricultural requirements. Both regional and local societies must be with limited liability.

A further Act established Agricultural Banks to finance the holders of plots of communal land, provided that such holders are organised in co-operative societies.

The credit system was substantially altered by an Act of 1931. It re-establishes the National Agricultural Credit Bank with capital derived, to the extent of 51 per cent., from the State, the remainder being subscribed by local authorities, regional banks, agricultural co-operative societies and individuals. Its duties are to promote and supervise credit societies and regional banks, to make loans on mortgage to co-operative societies, to establish central warehouses and factories for agricultural produce, to establish a special peasants' savings department, to arrange for the distribution and colonisation of State lands and to promote technical improvements in agriculture. It may assign credits only to its members. It may also carry on general banking business and may issue agricultural bank-notes. Regional banks are organised as limited companies. Shares up to 60 per cent. are held by the National Bank, the remainder being subscribed by co-operative societies. The regional banks are entrusted with the promotion of agricultural co-operative societies, the granting of credits, the setting up of warehouses and commercial institutions for the sale of agricultural produce, and the promotion of technical agricultural instruction. Local agricultural co-operative societies are to be formed by peasant members. Liability



is unlimited and continues one year after withdrawal or dissolution. They are to undertake credit and agricultural improvement through supply of requirements, joint or individual use of machinery, irrigation, etc., marketing and manufacture. They are to act as agents for the savings department of the National Agricultural Credit Bank. Special attention is paid to societies cultivating communal lands. In these cases the society must include the majority of the community and all the profits of the communal farm are placed to the reserve of the society. In all societies 2 per cent. on all loans and 2 per cent. of gross profits are placed to reserve. Societies are governed by the administrative and supervisory councils, the former elected by the majority and the latter by the minority of the members. An official called the District Head is appointed by the National Bank of Agricultural Credit and acts as treasurer for all societies in his district. Profits are distributed as follows: 25 per cent. to the provident fund of the society, 25 per cent. to reserve, and 50 per cent. to the National Department of Peasant Savings where it is credited to the personal accounts of members in proportion to the business done by them during the year. This department is an autonomous section of the Agricultural Credit Bank and carries on a business in savings deposits. On dissolution the assets of a society are transferred to the Regional Bank for the formation of another society or for some agricultural provident purpose. A public register of documents, contracts, etc., relating to agricultural credit, is established.

Decree promoting irrigation and the break-up of estates and preparing for the organisation of agricultural credit—December 18, 1911.

Agrarian Law—January 6, 1915.

Constitution of the United States of Mexico (Article 27)—1917.

Circular providing that the contracts of Agricultural Credit Institutions are exempt from stamp duty—December 22, 1922.

Law on Credit Societies—March 11, 1925.

Law on Agricultural Credit—February 10, 1926.

Law on Agricultural Banks—April 9, 1926.

Regulations determining the rules for the constitutions and working of local Agricultural Co-operative Societies and unions of local societies founded with the aid of private capital—April 16, 1926.

Article modifying the law on Agricultural Banks—May 7, 1926.

Decree relating to the upkeep of the Department of Agricultural Co-operation and Credit—December 17, 1926.

Circular exempting Agricultural Credit Institutions from stamp duty—December 22, 1926.

\* General law on Co-operative Societies—February 10, 1927.

Decree amending Article 97 of the Agricultural Credit Law of February 10, 1926, concerning the credit privileges originally created in favour of the bank—August 20, 1927.

Decree creating a Department of Agricultural Credit and Agricultural Organisation—August 30, 1928.

Decree according extraordinary powers to the Federal Executive to make laws concerning Credit Institutions—January 16, 1929.

Decree reforming the General Law on Credit Institutions concerning the method of constituting reserves guaranteeing deposits—May 22, 1929.

Circular concerning the general law on Co-operative Societies—June 5, 1930.

Order deciding that the exploitation of the resin "chicle" should be carried on by Co-operative Societies—June 22, 1930.

\* Law on Agricultural Credit—January 2, 1931.

## NORWAY

No special Co-operative Law exists in Norway. Co-operative societies on formation are placed on the commercial register and must submit rules, changes of rules and names of Board of Management. Societies are described as with variable membership and capital. Societies must further take out a Letter of Commerce for which the manager and one member of the Board must be legally qualified. The Commercial Code enacts that where the society has more than one shop sales may only be to members ;

the opening of branches in other industrial districts is prohibited. Societies carrying on certain types of skilled production must obtain a licence and show that they are carried on by a qualified person. Societies may not carry on insurance or banking. They may receive deposits from members and may invest in any other commercial undertakings. Accountancy is regulated by the Commercial Law, but there is neither publication of accounts nor public inspection.

By the Revenue Act of 1918, co-operative societies pay taxes on their property and on the income arising out of sales to non-members. Income derived from sales to members is tax free, though members pay personal taxes on sums refunded to them. Societies which act as supplying agents only are outside the law. The internal regulations of all societies are left to the societies themselves.

Attempts have been made to secure the passing of a Co-operative Act, especially with a view to safeguarding the use of the word, but so far without success.

Law on the Commercial Register of firms and agencies—May 17, 1890 (Sections 8, 14, 19, 20, 21, and 23).

Commercial Law—July 16, 1907, amended July 18, 1913 (Sections 1, 5, 8, 11, 18).

Law on Share-holding Societies—July 19, 1910 (amended 1916 and 1921).

Law on Insurance Societies—July 29, 1911.

Law on taxation—August 18, 1911, with amendments.

Commercial Law—July 25, 1913 (Sections 8 and 10).

The Revenue Act—1918.

Royal decree setting up a Committee on Co-operation—February 10, 1922.

Act modifying Section 53 of the Companies Act—July 21, 1922.

Law modifying the law of July 19, 1910, with respect to Share-holding Societies and "Commandite" Societies—April 4, 1924.

Law modifying the law on Insurance Societies—June 20, 1924.

Law modifying the law on Insurance Societies—June 1, 1928.

Law amending the law on shares—February 27, 1930.

## PARAGUAY

THE Agricultural Bank exercises control over 80 per cent. of the orange and banana growers of the country and also controls export. This indicates a form of co-operation which must have a legal basis, but precise information is not available.

## PERU

CO-OPERATIVE societies in Peru appear to owe their legal recognition to a law of 1921. Special decrees relate to co-operative sales societies.

An Act was passed in 1927 establishing the Peruvian Agricultural Credit Bank in the form of a limited company, one-third of its shares being subscribed by the State, a third by the banks and a third by the public, preference being given to farmers. The bank will make loans to farmers and to farmers' local credit societies. It will warehouse agricultural products and make advances upon them, undertaking responsibility for their sale and also purchase and hold crops for future sale and arrange agricultural insurances.

A recent law has made compulsory the formation of agricultural societies by all those engaged in farming either as owners or tenants. One society is to be formed for each district. Provincial governors are to take the initiative in forming these societies, and they are to be under the control of the Ministry of Agriculture. Their object is on the one hand to provide a channel for the technical advice and instruction of the Ministry, and on the other to promote voluntary co-operative supply of requirements and later co-operative marketing organisations. They are also entrusted with the protection of the legal rights of their members. Members will obtain certain privileges.

\* Law, regulating the judicial personality of societies having general interests as their principal objects—January 21, 1921.

Decree authorising clubs or Co-operative Sales Associations to furnish the guarantee required from them in bonds of the internal debt—April 25, 1924.

Decree on Co-operative Sale Societies—July 19, 1926.

Regulations of the above—October 4, 1926.

Law establishing the Peruvian Agricultural Credit Bank—March 4, 1927.

Resolution on the rules of Stock-breeders' Associations—December 13, 1929.

Legislative resolution concerning the organisation and working of local Agricultural Credit Societies—February 28, 1930.

Decree on the encouragement of agricultural production through credit—October 25, 1930.

Decree-law completing the dispositions of the law on agricultural credit—October 25, 1930.

## POLAND

BEFORE the European War, Polish co-operative societies came under the laws of either Germany, Austria or Russia.

In 1920, a Polish law was passed based on these three systems. This law applies to all forms of co-operation. Under it, all societies are subject to the control of an official of the Ministry of Finance, appointed subject to the consent of the Co-operative Council. Societies enjoy legal personality. Membership and capital are variable. Minimum membership is three. Shares may be of any value or amount. Liability of members may be limited, unlimited or supplementary. Minors may not be members of unlimited societies. Members may withdraw but may not transfer their shares. Liability continues one year after withdrawal. Each member has one vote. A decision to increase shareholding requires a three-quarters majority. Members may resign on giving due notice, which may be extended to two years. Societies may do business with non-members but loans to non-members must be against security. The supervisory council is

introduced in addition to the management committee, and in the case of a large society a delegate meeting may replace the general meeting. Societies' accountancy methods are controlled by the Commercial Code. Societies must be audited at least once in two years, either by auditing unions formed by themselves or by the Co-operative Council. At least 10 per cent. of profits must be placed to reserve. The rate of interest on contributions may not exceed 2 per cent. above the highest rate of discount of the State Bank for the current year. Profits are only in part distributed amongst the members, the remainder being set aside as a communal fund. Societies may amalgamate or federate in the general meetings of unions. Votes are in proportion to the membership of affiliated societies. Dissolution may take place voluntarily by a three-quarters majority at two consecutive general meetings or compulsorily owing to inactivity, irregularity, or bankruptcy. In the event of liquidation, members only receive the total amount of their contributions; remaining assets are devoted to some object of public utility.

The Co-operative Council is composed of official representatives and delegates appointed from among candidates advanced by the Co-operative Unions. The use of the word "Co-operative" is compulsory and protected. Societies enjoy partial or total exemption from taxation.

A certain amount of special legislation applies to agricultural societies, as for example the act which limits the acceptance of Agricultural Warrants to certain credit institutions, including co-operative societies.

*Austria.*—Patent law on private associations—1840.

Law on Co-operative Societies—1873.

Law on Co-operative taxation—1896.

Decree on the inspection of Co-operative Societies—1903.

*Russia.*—Law on Credit Societies—1897.

Law on small Credit Societies—1904.

Law on Co-operative Societies—1915.

Law on Co-operative Societies and their unions—1917.

Law on the registration of societies and companies—1917.

Law on Co-operative Congresses—1917.

*Prussia.*—Law relating to Industrial Co-operative Societies—1867.

Imperial law relating to Industrial and Economic Co-operative Societies—1889 (re-enacted 1898).

*Poland.*—Law on associations—1919.

Rules of the Central Bank of Agricultural Associations, Warsaw, February 8, 1919.

\* Law on Co-operation.—October 29, 1920.

Decree of the Minister of Finance, regarding the Council of Co-operation—December 14, 1920.

Law authorising the Minister of Finance in the matter of the guarantee of £2,000 sterling in respect of the obligations assumed by the Union of Agricultural Syndicates—February 4, 1921.

Decree concerning the Co-operative Register—March 10, 1921.

Regulations of the State Council of Co-operation, dated April 19, 1921.

Law on the amalgamation of Co-operative Societies—April 7, 1922.

Order of the Minister of the Interior, Agriculture, and State Dominions, concerning legislation dealing with the articles of Agricultural Associations—May 10, 1922.

Law amending the law of October 29, 1920, on Co-operative Societies—December 4, 1923.

Law on the doubling of the State contribution to the share capital of the Central Bank of Agricultural Associations, Warsaw, and on the guarantee of the State—July 6, 1923.

Circular of the Minister of the Interior extending the law of April 10, 1922, on Co-operative Societies to the Eastern Voivodats, 1924.

Law extending the law of October 29, 1920, on Co-operative Societies, as well as subsequent laws relating to co-operation, to that part of Upper Silesia contained in Voivodat of Silesia—May 28, 1924.

Order on the organisation of a Department of Mutual Insurance Societies—October 10, 1924.

Decree concerning banking—December 27, 1924.

Decree of the President of the Republic on Agricultural Warrants—March 22, 1928.

Order of the Ministers of Finance, Justice and Agriculture on the registration of Agricultural Warrants—July 14, 1928.

**PORTUGAL**

THE legal basis of co-operative societies in general would appear to exist in the ordinary Commercial Code, modified by a later decree limiting the amount of shares on which interest may be paid. A special law of 1916 was passed, authorising co-operative societies and constituting mutual benefit and insurance societies, and an order of 1922 laid down "model rules and instructions for the organisation of Agricultural Co-operative Societies." The typical form of agricultural organisation in Portugal appears, however, to be (apart from rural banking) the Agricultural Syndicate. There are a number of decrees, etc., establishing agricultural syndicates and stock-breeders' associations with various privileges from the State. They are not of a specially co-operative character, but work in close connection with the co-operative banks, it being legally established that no bank may be set up without a corresponding agricultural syndicate. These syndicates engage in collective purchase of implements, seeds, etc., and may provide credit facilities, but they are forbidden to undertake industrial or commercial business on their own account. Their funds are formed from entrance fees, commissions, and State subsidies. They are exempt from commercial taxation and stamp duty, and are granted reduced railway charges. Their membership is confined to agriculturists. Many of them are established in connection with the wine-growers' associations.

A special series of laws went to the building up of co-operative agricultural credit banks. From 1898 these banks received various privileges—exemption from duties, transport facilities, etc.—and were permitted to set up agricultural warehouses. By a decree of 1911, supplemented by a law of 1914, these banks are constituted as co-operative societies with unlimited membership. Liability may be limited or unlimited or may vary for different



classes of members. Members must be agriculturists eligible for membership of an agricultural syndicate, or agricultural syndicates or associations. The minimum membership is 10. The bank lends on security up to 50 per cent. of the property mortgaged to members for agricultural purposes, for periods of from one to fifteen years, receives loans from the State or individuals, and deposits from members and others on which an interest is paid not exceeding 4 per cent., the rate on loans being 5 per cent. Members with unlimited liability pay entrance fees and contributions; those with limited liability hold shares on which the maximum interest is  $4\frac{1}{2}$  per cent. No profits are distributed. In the case of societies with limited liability, 50 per cent. of profits are used for repaying member's shares. On the dissolution of a society, assets are retained by the Junta of Agricultural Credit and used for the financing of another society. Voting rights and the conduct of annual meetings, etc., is left to the rules.

The State puts a special credit at the Bank of Portugal at the disposal of the agricultural banks, and a reserve fund is also created out of profits. The banks are subject to Government inspection and control. There are provisions for federation of district banks and a central bank and also for the formation of a Junta of Agricultural Credit of official composition with representation from federal banks which acts as intermediary between the Bank of Portugal and the credit banks.

The law has been several times amended. The maximum loan for the purpose of paying off a mortgage debt has been raised from \$3,000 to \$15,000, and the maximum loan for the purchase of long leases from \$2,000 to \$4,000. The purposes for which loans may be made are extended to include the following: (1) purchase of an agricultural holding and land for house building, provided the holding has formed part of an estate over 200

hectares ; (2) purchase of land in order to increase an existing holding to economic proportions. Not more than a quarter of the funds of an agricultural credit bank may be employed for these two purposes, and loans must not exceed 50 per cent. of the land to be purchased. Loans are divided in accordance with duration into (1) loans up to twelve months with the possibility of extension to twenty-four months for the purpose of buying seed and plants, the payment of rent, the discount of agricultural warrants, the holding or processing of crops, the purchase of implements and machinery, also for the purchase of agricultural requirements by co-operative societies for the benefit of their members, or their processing or sale of members' produce ; (2) loans up to fifteen years for the payment of mortgage debts, the purchase of long leases, the execution of improvements in the land and for technical improvements, also for the construction of buildings, etc., by agricultural societies for agricultural or zoo-technical purposes. Agriculturists and their societies are forbidden to belong to more than one credit bank. The law modifies the method of operating the General Agricultural Credit Bank, the mutual agricultural credit banks, and the agricultural co-operative societies. The rate of interest on loans granted by the General Agricultural Credit Bank, as well as the rates for renewing loans, are fixed by the Junta of Agricultural Credit. These rates, in the case of mutual local agricultural credit banks, are fixed by the banks themselves, but always at a figure below the discount rate of the Bank of Portugal. Agricultural credit operations have always been entered into with the agricultural associations, but associations formed with the object of purchasing for their members material for agricultural and zoo-technical purposes are now included. A recent decree deals with the transfer of \$2,500,000 from the Bourse Agricole to the General Agricultural Credit Bank.

Law on Agricultural Syndicates—April 30, 1896.

Law for the encouragement of agriculture—September 18, 1908.

\* Decree-law on agricultural credit—March 2, 1911.

Law on agricultural credit—June 30, 1914.

\* Law authorising Co-operative Societies and constituting Mutual Benefit and Insurance Societies—June 14, 1916.

Decree making various provisions for the promotion of agriculture in the Province of Cape Verde—August 18, 1916.

Decree approving the regulations for the constitution of Stock-breeding Syndicates, August 18, 1916.

Decree approving the organisation of agricultural credit in Cape Verde—October 8, 1917.

Decree applying the law on agricultural credit to the islands—October 22, 1917.

Amended decree approving the organisation of agricultural credit in Cape Verde—October 24, 1917.

Order authorising the Minister of Labour to make loans to consumers' Co-operative Societies to a total of \$500,000 with the object of assisting such societies in ameliorating the economic crisis—November 27, 1917.

Decree making provisions for Co-operative Agricultural Societies, agricultural mutual insurance, and stock-breeding, and the development of any methods tending to augment agricultural production—March 29, 1918 (amended April, 1918).

Decree approving the regulation of Agricultural Credit and other Associations—May 30, 1918.

Decree dividing the country, continental and insular, into five areas for the purposes of the inspection of Agricultural Associations—June 29, 1918.

Decree regulating the constitution of Commercial Companies—July 4, 1918.

Revised edition of the above decree—July 9, 1918.

Decree approving the regulation of Credit and Agricultural Social Institutions, Mutual Agricultural Credit Banks, and Stock-breeding Syndicates and their federations—January 8, 1919.

Order concerning instructions and model rules for Agricultural Mutual Credit Banks—February 27, 1919.

Decree regulating the régime of Overseas Banks—May 30, 1919.

Order laying down model rules and instructions for the organisation of Agricultural Syndicates, Stock-breeding Syndicates, and unions and federations of the foregoing—June 9, 1919.

Decree according subsidies to peasants and to syndicates, Co-operative and other Societies for mechanised cultivation for the purchase of machinery—September 6, 1920.

Decree concerning credits to Agricultural Mutual Credit Banks—September 10, 1920.

Order setting out model rules and instructions for organising Agricultural and Stock-breeding Syndicates—January 3, 1922.

Order laying down model rules and instructions for the organisation of Agricultural Co-operative Societies and Agricultural and Stock-breeding Mutual Assurance Societies—July 13, 1922.

Order laying down that, according to Article 212 of the code of commerce, no member of a Co-operative Society may receive interest on more than \$500, but that nothing shall prevent him from subscribing a larger sum on condition that he has no rights or interest on account of the excess, and that this clause be expressly stated in the constitution—September 6, 1922.

Decree laying down the basis of valuation of agricultural properties for purposes of agricultural mutual credit—October 27, 1922.

Order granting the necessary authorisation to Agricultural Associations in the rich wine-growing regions of the Douro to federate—July 24, 1923.

Decree authorising Mutual Aid Societies to increase their membership subscription by 300 per cent.—August 6, 1923.

Decree altering the discount rates of Mutual Agricultural Credit Banks—June 7, 1924.

Decree authorising legally constituted Vocational Associations to group themselves into federations or unions to which may be granted, after their registration, civil status for all legal purposes and especially for the arrangement of contracts for collective work—December 27, 1924.

Decree authorising class associations or professional syndicates to augment their subscriptions—January 9, 1925.

Decree publishing provisions respecting the estimated value of immovable property offered for the constitution of the credit of the Co-operative Agricultural Credit Banks—December 11, 1926.

Decree modifying the Decree on the activities of banks and exchanges—March 24, 1927.

Decree modifying the law on agricultural mutual credit—May 31, 1927.

Decree fixing the maximum capital which each member may subscribe to a Co-operative Society—August 11, 1927.

Decree making certain regulations with regard to agricultural credit operations—August 30, 1927.

Revised publication of Article 5 of the decree modifying the law on agricultural mutual credit—December 8, 1927.

Decree granting further delay in the payments of loans already made by the General Bank of Agricultural Credit to Agricultural Credit Banks and by the latter to their members—August 22, 1928.

Decree regulating the power accorded to the Council of Agricultural Credit to fix rates of interest on loans made by the General Bank of Agricultural Credit—August 31, 1928.

Decree modifying the decree on agricultural credit—March 10, 1930.

Decree regulating agricultural credit for cork production—April 12, 1930.

## RUMANIA

CO-OPERATIVE societies were at first constituted under certain articles of the Commercial Code of 1887, whose provisions differentiated them very little from ordinary commercial organisations.

In 1903 the first Co-operative Law was passed removing the credit societies from the provisions of the commercial law, and later its scope was extended to include other agricultural and finally industrial societies. The law of 1903 created a Central Institute for People's Banks and Agricultural Credit managed entirely by State officials, which accepted deposits and supplied cheap credit to the local societies.

In 1918 the structure of the central organisation was changed and its powers widened. Its name was altered to the Central Office of Agrarian Reform and Agricultural Co-operation, and it was divided into sections: (1) the Central People's Bank; (2) the Centre for Producers' and Consumers' Societies (approximately a wholesale society); (3) the Centre for Land Purchase and Leasing Societies; to which were added two entirely non-co-operative sections dealing with land and surveying. A separate

centre was formed for urban co-operation. The Central Office remained of a semi-official character, with members appointed by Government departments on its committee and receiving considerable subsidies from the State. Societies might be of various types: (a) Independent credit societies whose activities have no territorial limitations. The rates of interest for loans are agreed on at general meetings. These societies take the form of limited companies or of private companies. The minimum value of a share is 25 lei and the maximum 50,000 lei; (b) Credit societies doing business with the Central Bank, whose activities are confined to limited districts of one or at the most two townships. The rates of interest for the loans they make are limited by the Central Bank. Membership is limited to persons living in the district and only inhabitants of this district can get loans. At least 10 per cent. of the profits must be placed to reserve. Capital is formed in the same way as in the case of independent societies, and these credit societies may also take the form of private or limited companies; (c) Agricultural Societies for leasing or buying land. Their liability is unlimited: (a) to the landlord for land; (b) to the Central Bank for credit; (c) Societies of Production and Consumption on the Rochdale plan. Under the old law all societies were subject to the rule of the Central Bank, even if they drew no credits from it, and the Central Bank was directed entirely by State officials. After 1918 a portion of elected representatives was introduced.

Some further information is given by the typical rules of various kinds of society. Members may withdraw or be expelled; they are liable for two years after their withdrawal. Each member has one vote and may register one proxy vote. The rate of interest on shares is not fixed, but may not usually exceed 10 per cent. Profit is allocated to reserve, interest on loans, educational purposes, dividend on shares, honorarium to voluntary officials

(bonus in the case of forestry societies) on work done or (in consumers' selling societies) purchases and sales. In the later type of society it is usual to pay 15 per cent. to reserve, in other societies 10 per cent. In societies for the exploitation of forests there are special provisions restricting the sale of wood to any but co-operative or public bodies.

Reorganisation was attempted in 1923, but got little further than the splitting up of co-operative supervision between the Ministries of Labour, Co-operation, and Social Insurance and Commerce.

In February, 1926, a measure was adopted codifying existing law and practice in respect to co-operation. Rules on the lines of those quoted are made obligatory. Dissolution may be voluntary, at the expiration of a term fixed for the society's life or on bankruptcy. Government supervision is exercised by means of the Central Institute. Provision is further made for very considerable privileges: (1) Remission of all law costs for actions involving a less sum than 5,000 lei; (2) no postage on correspondence between Co-operative Societies or of the Central Institute; (3) exemption from or reduction of taxation; (4) priority of claim to work State forests, fisheries, etc., and to buy land for the erection of premises. A further revision took place in 1928 and 1929.

The new legislation does not define a co-operative society, but it establishes certain principles by which such societies must form themselves. First of these is the "open door," by which societies cannot refuse any generally eligible member. They must limit their sphere to two communes at most. Minimum membership varies with the type of society from 15 to 100 in the case of urban consumers. Members' liability may be limited, unlimited, or with contingent liability. The formalities of incorporation are simplified and cheapened, as is also the procedure

of guaranteeing loans, and a more summary process for the recovery of debts is permitted. Management is in the hands of a Board of from three to nine members and a commission of three censors, both elected by the general meeting. The work of local credit societies is limited to (1) making loans for productive purposes ; (2) receiving deposits ; and (3) buying and selling on commission where no suitable co-operative organisation exists. The maximum interest on loans is 18 per cent., which seems startlingly high till it is understood that small private banks frequently charge rates as high as 30 per cent. to 40 per cent. Profits are to be divided as follows: (1) 10 per cent. to reserve ; (2) 5 per cent. to propaganda, education, etc. ; (3) not more than 12 per cent. to the managing committee ; (4) interest on shares at a rate not exceeding that fixed by the National Office of Co-operation ; (5) the remainder as bonus on business done. Non-members' bonus is paid to reserve and educational fund, and it may be decided to pay all profits to these funds. Other matters are left to the rules, as, for instance, limitation to cash trading, the type of liability adopted, and presumably the system of voting, which is not otherwise specified. The new law establishes compulsory district control unions, to which all credit societies must, and any other co-operatives may, belong, but which consist of members freely elected by the affiliated societies. These unions sanction the formation of new co-operatives and act as disciplinary courts under the local magistrate. In due course it is hoped that they may elect a Central Union to complete the system, but, pending this development, appeal lies from the Control Union to the National Office of Co-operation. Any local societies not organised in unions are directly subject to the National Office. At the same time societies are free to form federations for commercial purposes, membership and government being on similar lines to those for local societies, except that unlimited liability



prevails. The National Office of Co-operation replaces all previous bodies as organ of control except that the Central Bank keeps a check upon the use of the credits it has itself granted. The National Office is controlled by the General Co-operative Council, which consists of 18 members, 5 appointed by the different ministries interested in one aspect or another of the co-operative movement, 1 from the Central Co-operative Bank, 9 elected by the co-operative societies themselves, and 3 co-opted. The officials of the National Office are civil servants, but the control is thus mainly unofficial. The National Council appoints (1) a judicial committee to work in conjunction with the High Court; (2) a propaganda, educational, and statistical committee; (3) a committee of technical instruction.

The old bank and the old centre for producers' and consumers' societies were both dissolved, and their liabilities taken over by a new institution, the Central Co-operative Bank, which is to function on independent commercial lines. Its capital is to consist of 500 million lei (£625,000) subscribed by the State and derived in part from sums placed at the disposal of popular credit by the National Bank of Rumania, partly from State funds invested in former co-operative institutions. In addition to this, an equal sum is to be subscribed by co-operative societies and federations in shares of 10,000 lei, in proportion to membership. Voting at general meetings is in accordance with shareholding, with a maximum of 10 votes. The bank is governed by a provisional council until such time as the societies shall have subscribed 40 million lei, when it will be replaced by a Board of three Government nominees, one representing the Bank of Rumania and five elected by the affiliated societies. In addition, a Government commissary is appointed with suspensory powers. Appeals from his decision can be carried to a court of arbitration consisting of one Government representative, one representative of the Central

Co-operative Bank, and a judge of the High Court. The bank works on behalf of all co-operative organisations and their federations, operating through the latter wherever possible. Its duties are: (1) To receive deposits from all sources; (2) to accept loans from the National Bank or from public or private institutions; (3) to provide credit to members only, on short, medium, or long term, or on mortgage; (4) to undertake all banking operations on behalf of members; (5) to invest in State or State-guaranteed securities up to 10 per cent. of its foundation capital; or (6) to deposit on current account under similar conditions; (7) to invest in foreign securities; (8) to act as agent for the financial operations of the State, either direct or through the local societies—such as State credits for seeds or harvesting; (9) to undertake commission business for members; (10) to provide funds through a special section for the purchase of land under the land reform. Rates of interest and conditions of loans and deposits are fixed by the Bank Council. The accounts of the bank are audited by the General Co-operative Council. Profits are distributed as follows: (1) 20 per cent. to reserve; (2) interest on capital at the rate of 15 per cent. of the discount rate of the National Bank; the interest due to the State is transferred to the propaganda fund of the National Office of Co-operation; (3) 6 per cent. to the members of the Board; (4) 15 per cent. to the employees; (5) 30 per cent. to the National Office for propaganda purposes; (6) the remainder in bonus in proportion to the interest paid by local societies on their borrowings from the bank.

To complete the co-operative structure the old centre for producers' and consumers' societies is replaced by a central co-operative for import and export. It takes the legal form known as a "co-operative limited company," and is on federal lines with a minimum of fifteen corporate members, which may be

any type of co-operative society or State undertaking. Shares may only be transferred by consent of the Board. Each share is fixed at 5,000 lei, and one must be taken up for every 50 members up to a maximum of 100. They must be paid up to the extent of 30 per cent. Member co-operative societies have one vote for every 50 members, with a maximum of 100. Liability is limited. Members are bound to do all business through the Central Co-operative. It is authorised to buy on commission and at firm prices both agricultural supplies and agricultural produce. It may also arrange sales for members and make advances on their goods. Profits are divided as follows: (1) 15 per cent. to reserve; (2) 7 per cent. to the National Office; (3) 12 per cent. to members of the Board; (4) interest on capital at a fixed rate; (5) bonus on business done. The bonus due to non-members goes to reserve. The Central Co-operative has made a beginning with commission trading, and hopes to supply agricultural requirements and later organise marketing of grain, meat, eggs, etc. It will receive credits from the Central Co-operative Bank.

An Act of July, 1929, authorises the constitution and prescribes the form of (1) rural land credit societies, and (2) agricultural credit societies. The first type must be composed of rural landowners holding property of a certain minimum value. Share capital must not be less than 20 million lei, 30 per cent. paid up. Liability is limited. Agricultural credit and co-operative societies may also become shareholders. The societies may make loans on land or chattel mortgage, also loans to the Central Credit Bank and credit co-operative societies. They may finance co-operative and other agricultural undertakings, carry on banking operations on behalf of their members and issue mortgage bonds. Agricultural credit societies are formed jointly by the State and public institutions or private persons. Their

capital must not be less than 500 million lei in shares of at least 1,000 lei. They may carry on the same operations as the first type with the exception of banking on behalf of their members. Bonds may be issued under certain conditions.

In Transylvania and Bucovina and in Bessarabia societies exist which are constituted according to the Austrian, Hungarian and Russian laws.

Commercial Code (Art. 221-235)—1887.

Law on People's Rural Banks—March 23, 1903 (amended 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1914 and 1916).

Rule recognising the moral and judicial personality of Agronomical Societies—March 6-19, 1915.

Law founding Agricultural and Industrial Mortgage Banks—March 9-22, 1915.

Resolution of the Council of Ministers approving the modified model statutes for Agricultural Syndicates—August 18-31, 1915.

Law relating to the formation of a Central Co-operative Credit Institute, January 3-16, 1919.

Law extending the law on People's Banks and the decree-law relating to the Central Co-operative Credit Institute, September 26, 1920.

Law concerning Professional Syndicates—May 24, 1921.

Law consolidating the services relating to co-operation, March 13, 1923.

Law regarding civil associations for rural land credit—June 22, 1923.

Act respecting corporations—February 8, 1924.

Regulation for the enforcement of the Corporations Act—April 16, 1924.

Law ratifying the project of a convention with respect to the rights of association or coalition of agricultural workers—April 28, 1925.

Law amending the law on popular banks and completing the decree-law respecting the foundation of the Central Co-operative and Land Expropriation Institute—January 5, 1926.

Co-operative Code—July 12, 1928.

\* Law on Co-operation—March 25, 1929.

Decree approving the statutes of the Central Co-operative Bank—March 28, 1929.

Law modifying certain articles in the law of 1915 concerning the creation of banks for loans on pledge to agriculturists and industrialists—May 22, 1929.

Law dealing with the organisation of rural land credit and agricultural credit—July 29, 1929.

Decree approving the application of the law on the organisation of Co-operative Societies—November 12, 1929.

Law amending the law concerning the organisation of co-operation—April 2, 1930.

Law concerning the creation of an institute for temporary mortgage credit—April 8, 1930.

Law reorganising the Casa Rurale—May 13, 1930.

Law amending the law reorganising the Casa Rurale—July 1, 1930.

Royal decree approving the rules of the Casa Rurale—August 19, 1930.

Royal decree amending the statutes of the Central Co-operative Bank—October 28, 1930.

Royal decree amending the law on the organisation of co-operation—October 27, 1931.

## SALVADOR

Decree amending Article 318 of the Code of Commerce (Co-operative Societies)—May 11, 1923.

## SIAM

CO-OPERATIVE credit societies were first started by the Government in 1916. Loans are advanced to rice-growers for payment of debts, and purchase of land and implements. Liability is unlimited. A Registrar of Co-operative Societies is appointed with subordinate inspectors who audit accounts and supervise generally.

A special law of 1929 on co-operative societies places their administration in the hands of the Minister of Commerce and Communications and empowers him to specify from time to time the kind of co-operative societies which may be admitted to registration. At present the type specified covers co-operative societies consisting only of rice-growers and making no distri-

bution of profits. Considerable funds have at the same time been placed at the disposal of the movement by the Siam Commercial Bank.

Co-operative Societies Act, B.E. 2471—May 19, 1929.

## SPAIN

UNTIL 1929 Spanish co-operative societies existed either under the general Law of Associations (1887) or under a variety of special laws and decrees of which the most important was that on agricultural credit in 1906. Several of these laws aimed at transforming the traditional communal granaries (*pósitos*) into modern co-operative societies with the right to act as rural savings and loan banks ; to facilitate the purchase and use of agricultural implements, fertilisers, seeds, etc. ; to establish mutual societies for insurance, agricultural co-operation, mortgage, loans, etc. Granaries may be run by autonomous rural associations, but in all cases they are subject to Government supervision.

In 1925, a Government commission was set up " to establish within two months the régime of Co-operative Associations," and a further enquiry was instituted to enable the commission to draft the regulations for co-operative societies. But no further action was taken until a decree of 1929 reorganised national agricultural credit services. It established a Commission on Agricultural Credit on which Government departments are represented, together with agricultural syndicates, *pósitos* and similar bodies. The Commission makes loans both to the *pósitos* and individuals, the latter guaranteed by pledge or mortgage. One group of loans are especially designed to facilitate marketing. The Commission controls a capital of 100 million pesetas, of which three-quarters is subscribed by the State and the remainder by the agricultural

associations, or if their subscriptions are insufficient, the general public. Loans are made to federations and associations concerned with agriculture, stock-raising and forestry, also to co-operative societies engaged in the manufacture of agricultural produce. Pósitos may borrow up to 80 per cent. of the value of their capital. Short-term loans are defined as those not exceeding eighteen months, medium term as not exceeding three years, and long term as not exceeding twenty years. The rate of interest must not exceed by more than  $\frac{1}{2}$  per cent. the rate of interest on State investments. In the case of agricultural associations it may not exceed  $5\frac{1}{2}$  per cent. These associations, together with the pósitos, are accorded a lower rate of interest than individual borrowers. Advances may also be made on agricultural produce to enable the producer to hold it until a favourable time for marketing. Advances may be up to the value of 60 per cent. of the produce, and repayment must be guaranteed by two neighbours or by an agricultural syndicate or pósito. Loans may also be made on standing crops.

This régime was considered inadequate as a definition of co-operative practice and after the Revolution a new Co-operative Decree was published in July, 1931, and has since been converted into a law. It divides co-operative societies into (1) consumers' societies, including those supplying gas and water, housing societies and school societies; (2) workers' societies (which appear to be practically trade unions); (3) professional societies, including farmers' organisations for all purposes; (4) thrift and loan societies. There are also special societies for education in co-operation; and insurance societies are provided for. A special committee was set up to report within four months on suitable legislation for agricultural societies. In the meantime, they may affiliate to unions of professional or credit or insurance societies. All co-operative societies were to register within three

months of the publication of the decree. A co-operative society is defined as an association of persons submitting themselves to their association and to the present decree, desiring to eliminate profit, having for their object the satisfaction of some common need and achieving their social and economic betterment by means of joint action on a collective basis. The minimum membership is 20 except for certain types. There is no maximum. Societies are autonomous. Voting powers are equal except in vocational societies where additional votes may be accorded to worker-members, the maximum being three. Shares are transferable amongst members only. Profits must be distributed in proportion to business done, but at least 10 per cent. must be placed to reserve. Liability may be limited, unlimited or contingent. Consumers' societies may not be with unlimited liability. Members may withdraw, but liability continues for two years. The use of the word "Co-operative" is protected. Societies are managed by an administrative committee and in the case of societies with more than 100 members an auditing committee in addition. Societies may form unions or federations. The term "popular co-operatives" may be applied to consumers' societies with over 200 members or 75 members in thinly populated districts, and may include other types of society under certain conditions. Popular co-operatives are accorded certain privileges, especially in obtaining supplies from municipal boards and exemptions. A co-operative centre is established under the Ministry of Labour.

Certain marketing schemes not of a strictly co-operative character are of some interest.

In 1929 a compulsory consortium of the rice industry was established in the provinces of Valencia, Castellon, Alicante, and Tarragona, other provinces having the option of joining on the request of a majority of those interested and with the consent



of the superior committee. The members of the consortium are the cultivators, the owners of rice-fields, the manufacturers, merchants, and exporters of rice. It is directed by a commission composed partly of official elements, partly of representatives of the different interests involved and the different rice-cultivating areas. Relations with the Government are maintained through the Superior Committee on Rice, a section of the National Economic Council. The Chambers of Rice Cultivation and the local producers' associations, which either exist now or may be formed, will assist in the work of the consortium. The consortium has the following objects: (1) to establish a just and equitable relationship between the distinct factors which determine the cost of production; (2) to increase the home consumption of rice (3) to adjust foreign demands to home requirements; (4) to develop co-operative organisations and the co-operative spirit in production and marketing; (5) watch over the market reputation of the product; (6) prevent speculation; (7) to make advances and to organise other forms of credit in favour of members, with a view to facilitating the production and marketing of rice; (8) prepare statistics. The funds of the consortium will be derived from entrance fees, from a maximum charge of 2 pesetas 50 cm. on every metric quintal of prepared rice, by a small annual levy and by the proceeds of the tax on the transport of exported rice which will be put at its disposal by the State. The proceeds of the first and last will be set aside as a credit fund for making advances to producers and encouraging co-operation as an agent of improvement and a factor in reducing the cost of production. A preliminary commission was formed to draw up rules for the consortium, and provided with funds by means of a loan of 1,500,000 pesetas from the National Agricultural Credit Service.

A decree of April, 1930, grants a premium to producers of silk

cocoons from registered eggs and under certain specified conditions. It further introduces provisions for encouraging the constitution of co-operative societies for the production of cocoons. Such societies must be established by officially recognised agricultural societies, they must have unlimited liability and must submit their constitution for the approval of the Central Silk Society and accept its control.

Law of Association—1887.

Law on agricultural credit—1906.

Law on the registration and inspection of Insurance Societies—1908.

Royal decree granting to *pósitos* the right to federate for purposes of agricultural credit—October 16, 1914.

Royal ordinance requiring information on the existence and working of Agricultural Banks—October 17, 1914.

Royal decree approving regulations relating to the Federation of *pósitos*—September 30, 1915.

Royal decree repealing certain articles of the royal decree of August 13, 1892, relating to the General Stock-breeders' Association of the kingdom—August 30, 1917.

Royal decree providing that officially constituted Agricultural Syndicates and official Chambers of Agriculture and Commerce may appoint inspectors to control and report to the authorities on everything concerning production—October 19, 1917.

Royal decree adding to Article 21 of the royal decree of September 22, 1917, relating to Agricultural Syndicates, Rural Banks and Credit Institutions—August 30, 1919.

Royal decree creating the National Mutual Insurance Institution for Agriculture and Livestock—September 9, 1919.

Royal decree approving the procedure expediting, etc., the granting of subsidies by the Minister of Labour—June 14, 1920.

Royal ordinance abrogating the royal ordinance of June 14, 1920, and approving the rules of procedure to be applied, and the granting of subsidies to mutualities (friendly societies) and others—August 9, 1922.

Royal decree issuing provisions in connection with the right of association which Article 13 of the Spanish Constitution recognises in favour of every citizen—March 10, 1923.

Royal decree approving the provisional regulations concerning the

operation of Government supervision over the pósitos (communal granaries)—April 27, 1923.

Royal ordinance stating that bearer bonds issued by Agricultural Unions may be inscribed in the Trade Register—February 14, 1924.

Royal ordinance establishing the rules to be observed in granting subsidies and prizes to Agricultural Chambers and Syndicates, Rural Banks, and other associations—July 28, 1924.

Royal decree referring to a census of corporations—October 31, 1924.

Royal decree constituting a commission under the presidency of the Under-Secretary for Labour, Commerce and Industry to establish within two months the régime of Co-operative Associations—January 14, 1925.

Royal ordinance opening a public enquiry, oral and written, for the benefit of the special commissioner, established to study and draft the regulations for Co-operative Societies—February 9, 1925.

Royal ordinance with respect to the distribution of credit of 40,000 pesetas as subsidies and premiums to Agricultural Chambers and Syndicates, Rural Banks, and other associations—October 15, 1925.

Royal decree respecting the organisation of hydrographic syndical confederations—March 8, 1926.

Royal ordinance allocating credit by the commission of National Agricultural Credit Services to the Catholic Agricultural Federations of Galicia—July 2, 1926.

Royal ordinance concerning the co-operation of the national pósitos with the National Mutual Association for agricultural and stock insurance—February 21, 1927.

Royal ordinance approving the constitution of the Hydrographical Syndical confederation of the Segura—March 16, 1927.

Royal decree-law concerning the Hydrographical Syndical Confederation of the Duero—June 22, 1927.

Royal decree creating and establishing a National Rice Consortium in Valencia—November 20, 1927.

Royal decree approving the regulations concerning national pósitos—August 25, 1928.

Royal decree authorising the constitution of co-operative distilleries under the royal decree-law of April 26, 1929—March 21, 1929.

Royal decree reorganising the national services of agricultural credit—March 22, 1929.

Royal decree concerning the continuance of the decree of April 4, 1927, on the working of Mortgage Credit Banks—June 21, 1929.

Royal decree renewing the decree of 1928 in order that the National

Service of Agricultural Credit may make loans to agriculturists in order to permit them to purchase seed corn—September 7, 1929.

Royal decree-law changing the name of the National Mutual Agricultural Insurance created by the royal decree of November 14, 1919, to the Commissariat of Rural Insurance—September 26, 1929.

Royal decree concerning popular savings institutions—November 21, 1929.

Decree concerning the classification of Agricultural Syndicates—November 21, 1929.

Royal decree-law authorising the National Service of Agricultural Credit to make loans with the guarantee of grain warehouses up to a maximum of 20,000 pesetas—November 29, 1929.

Royal decree-law increasing to 35 million pesetas the fund at the disposal of the National Service of Agricultural Credit for loans with the guarantee of warehouses for corn and other agricultural products—November 30, 1929.

Royal decree-law authorising the National Service of Agricultural Credit to make loans to the National Rice Consortium up to a maximum of 2,500,000 pesetas—December 27, 1929.

Royal decree-law amending the law of 1908 on societies—December 27, 1929.

Royal order concerning the formation of new pósitos—January 7, 1930.

Royal order concerning the executive of pósitos—January 28, 1930.

Royal decree making regulations for the regular acquisition of silk cocoons and the payment of a remunerative price to the producers—April 11, 1930.

Royal decree amending the law on the classification of Agricultural Associations—July 8, 1930.

Decree providing that legally constituted associations of agricultural labourers may undertake collective leasing of farms—May 19, 1931.

\* Decree establishing the powers and legal conditions of Co-operative Societies—July 4, 1931.

Law confirming the above decree—September 9, 1931.

Decree approving the rules to be inserted in the law on Co-operative Societies—October 2, 1931.

## SWEDEN

CO-OPERATIVE Law in general is based on the Law on Economic Associations of 1911 which superseded an earlier Act of 1895.

The law of 1911 deals with "associations to promote the economic interests of their members by procuring articles of consumption, selling the produce of their labours, house-building, credit." Bodies registered under the law must use the word "association" (förening) and may not use the word "society" in their titles. Institutions and other associations may be members of an association. Membership is open but in some cases has been restricted by rule. Trade with non-members may be only in cash except for (a) the sale of the association's own products or those of its members; (b) the sale or purchase of agricultural articles. Liability may be limited or members may undertake an additional liability up to a fixed amount. In unregistered associations, liability is unlimited, and they are without legal personality. Liability continues for one year after withdrawal, and rights to dividend, etc., for six months. A member may withdraw after two years of membership. Members may also withdraw if additional liability has been substituted for limited liability and in this case alone they are legally entitled to the repayment of their share. The value of the share and the maximum number which a member may hold are determined by the rules. Each member has one vote, and may exercise one proxy unless the rules provide otherwise. Certain decisions as to change of rules, dissolution of the society, etc., must be approved by all members, or at two successive meetings by a two-thirds majority at the second. After a decision to increase the liabilities or reduce the benefits of members, those who do not consent may withdraw, their rights and liabilities remaining unaltered for the current period. Fixed property may be mort-

gaged with the consent of a majority of the members. The accounts of the association must be audited. Profits may be paid into reserve, distributed as benefits, or devoted to objects of public utility as the rules direct. The association draws up its own rules with considerable scope as to existence and amount of reserve, contributions of members, liability, audit and general administration. The connection between associations and the Government appears to be limited to registration. Liquidation may be voluntary or compulsory if the association fails to comply with the requirements of the law. A liquidator is appointed. Any remaining assets are divided amongst the members or assigned to a person designated for the purpose.

This law is not applicable to Savings Banks, Sickness Benefit Associations, or Mortgage Associations. The law has been amended on minor points.

A number of laws and decrees since 1915 have been concerned with the establishment and functioning of Central and Local Agricultural Credit Banks. These banks receive credit through the Bank of Sweden and are subject to Government inspection. The Central Bank may accept other economic associations besides Credit Banks as members.

A law of 1930 regulates the system of agricultural credit and provides for the formation of agricultural banks and central agricultural credit banks, but it is not clear how far these are co-operative in character.

An Act of 1930 making available State loans for the construction, equipment and working of silos has introduced some important new elements into the law. Loans are only available to co-operative societies provided: (1) liability is limited; (2) membership is limited to agriculturists but open to all agriculturists in the district covered; (3) members agree to continue in the society five years and make a contract to sell all grain

through it; (4) members pay an annual levy of 6 crowns per hectare of cultivated land towards the formation of reserve and provide working capital equivalent to 2,500 crowns per 1,000 tons of grain delivered; further that they contribute 15 per cent. of the cost of building and installing machinery; (5) that the society deals only with members; (6) the society pays a proportion of the anticipated price on receipt of grain and the balance at a pooled rate after sale. Loans are available for a maximum of fifteen years and up to 85 per cent. of the cost of building and machinery (in the case of societies dealing with non-members loans are available up to 60 per cent. of costs). They are secured by a mortgage on the property. Building loans are interest free for three years and then at 4.1 per cent. The interest on loans for machinery is fixed from time to time. Loans are also available up to one year to enable societies to hold stocks.

An Act of the same year provides for State loans to co-operative dairies.

Law on registered associations for economic activities—June 28, 1895.

\* Law on Economic Associations—June 22, 1911.

Law modifying Section 1 of the law of May 4, 1905, concerning the interdiction to societies and associations to acquire fixed property in certain cases—May 10, 1912.

Law modifying Section 80 of the law of June 22, 1911, on Economic Associations—June 29, 1912.

Law on associations for mutual aid—June 29, 1912.

Royal decree regarding the supervision of Mutual Aid Associations—November 8, 1912.

Law modifying Section 6 of the law of May 4, 1906, concerning the interdiction to societies and associations to acquire fixed property in certain cases—October 11, 1912.

Law providing for the formation of a Central Bank for Agricultural Credit—June 18, 1915.

Royal decree concerning State financial aid to associations for providing agricultural credit on a small scale—June 18, 1915.

Royal decree approving the formation of a Central Bank for Agricultural Credit—June 18, 1915.

Royal decree authorising the Swedish State Bank to undertake obligations for the Central Bank for Agricultural Credit—June 18, 1915.

Royal Decree approving the establishment of local banks for agricultural credit—June 18, 1915.

Royal circular and order approving the inspection of Local and Central Agricultural Banks—December 31, 1915.

Law amending Sections 6, 20, and 54 of the law of June 22, 1911, on Economic Associations—May 30, 1916.

Royal decree amending Sections 20 and 21 of the decree of June 18, 1915, and approving the Central Bank for Agricultural Credit—February 18, 1916.

Law amending Section 12 of the law of June 22, 1911, on Economic Associations—May 24, 1918.

Royal decree amending Sections 2 and 5 of the royal decree of June 18, 1918, concerning State financial aid to associations for providing agricultural credit on a small scale—July 18, 1918.

Royal decree amending certain provisions in the decree of June 18, 1915, approving the formation of local Credit Banks—July 11, 1918.

Royal decree amending Sections 4, 20 and 24 of the decree of June 18, 1915, approving the Central Bank for Agricultural Credit—July 11, 1918.

Royal decree with regard to the right of the Central Bank for Agricultural Credit to admit other Economic Associations besides Agricultural Banks as members—July 11, 1918.

Royal decree making a State contribution to the promotion of educational activity affecting societies for peasant producers and in connection with Agricultural Banks—December 3, 1918.

Royal decree amending Section 6 of the decree of June 18, 1915, approving Local Agricultural Banks—April 30, 1920.

Royal decree amending the decree of June 18, 1915, concerning State financial aid to associations for providing agricultural credit on a small scale—April 30, 1920.

Law amending certain provisions in the law of June 22, 1911, on Economic Associations—May 13, 1921.

Act abrogating the Act of May 20, 1921, forbidding the acquisition in certain cases by Commercial Companies of immovable property—April 13, 1922.

Act modifying Section 24 of the Act of June 22, 1911, on Economic Associations—May 5, 1922.



Royal decree concerning State subsidies to Agricultural Societies—June 8, 1923.

Royal decree providing for the organisation of Agricultural Societies—June 8, 1923.

Act to amend certain sections of the Act of August 12, 1910, respecting Joint Stock Companies—March 28, 1924.

Royal decree amending Section 4 of the decree of June 18, 1915, approving the formation of a Central Bank for Agricultural Credit—April 11, 1924.

Royal decree amending Sections 17 and 29 of the decree of June 18, 1915, approving the formation of local Agricultural Banks—April 11, 1924.

Law amending Section 78 of the law of June 22, 1911, on Economic Associations—April 25, 1924.

Act modifying the Act of August 12, 1910, on Joint Stock Companies—April 25, 1924.

Royal decree fixing the amount to be contributed by the State towards the salaries of Secretaries of Domestic Economy Associations—May 30, 1924.

Act to extend the Act of May 20, 1921, respecting the interdiction on the purchase of landed property, under certain circumstances, by companies and associations—June 13, 1924.

Law modifying certain points in the law of June 28, 1895, with respect to commercial and simple societies—February 27, 1925.

Royal decree amending certain provisions of the decree of June 18, 1915, approving the formation of a Central Bank for Agricultural Credit—June 6, 1925.

Royal decree amending certain provisions of the decree of June 18, 1915, approving the formation of local Agricultural Banks—June 6, 1925.

Royal decree amending certain provisions of the decree of June 11, 1918, on the right of the Central Bank for Agricultural Credit to admit as members other Economic Associations besides Agricultural Banks—June 6, 1925.

Law modifying certain points in the Law of 1911 concerning Economic Associations—March 23, 1928.

Royal order modifying the Order of 1915 concerning the State approval of certain Central Banks for Agricultural Credit—June 29, 1928.

Royal decree concerning Credit Associations and Credit Associations for House-building—August 3, 1929.

Royal order fixing the date of application of the above decree—August 3, 1929.

Royal regulation for Credit Associations and Credit Associations for House-building—October 18, 1929.

Law amending the law of 1911 on Economic Associations—April 25, 1930.

Royal decree on Agricultural Credit Banks—July 3, 1930.

Royal order regarding loans from State funds for silos—September 12, 1930.

Royal order regarding loans from State funds for the purchase of cereals—September 12, 1930.

Royal order concerning the terms of loans from the State Bank to the Agricultural Bank and the Central Bank of Agricultural Credit—September 19, 1930.

Royal order laying down conditions of loans from State funds for dairying—September 12, 1930.

## SWITZERLAND

CO-OPERATIVE Law in Switzerland is based on a chapter in the Commercial Code of 1881, amended in 1919. It provides for the formation of co-operative societies as apart from other commercial bodies, but leaves their exact form indeterminate. It makes various provisions, such as the personal liability of the members for the debts of the society and the principle of one-man-one-vote, but these may all be modified by the rules of the society. Practically the only compulsory provisions are that foundation capital shall be fixed before the formation of new societies; governing bodies shall have a majority of Swiss citizens; membership shall not be less than seven; members may withdraw but their liability continues for two years. Societies working for profit must draw up an annual balance sheet. Dissolution may be voluntary owing to insolvency or by an order of the court for illegal proceedings. Assets may not be distributed for six months after dissolution. Members of the Management Committee may be removed by a court of law at the request of members of the society.

The law is at present under revision. A draft of 1925 provides as follows: A Co-operative Society is defined as one "constituted by a varying number of persons, organised corporately, which aims principally at contributing towards the economic prosperity of its members by joint action. The formation of Co-operative Societies with capital fixed in advance is prohibited." There are provisions for federation. Membership may be confined to the employees of a certain undertaking, members of a certain sect or political party, etc., but within such limits, membership must be open. Members may resign on giving due notice; they may also renounce their rights to resign by agreement or otherwise for a period up to ten years. "The rules may lay down that if the circumstances are such that the resignation seriously injures the society, or endangers its very existence, the resigning member shall pay reasonable compensation." Transfer of membership may be provided for by the rules, especially in rural societies where it may be made contingent on the ownership or working of real property and may pass from one person to another with the property in question. All members have the same rights and obligations. Productive and marketing societies may oblige their members by rule to place all their labour at the disposal of the society or to deliver their produce under special conditions or at specified times, places, etc. Each member has one vote, and may record one proxy vote. The limit of shareholding must be fixed by rule, also the rate of interest on share capital, the maximum being the rate on uncovered loans. The rules may provide that no interest be paid. The legal status of a society is one whose members are without personal liability. But the rules may provide for unlimited joint personal liability (even if subsidiary—*i.e.*, only if the society goes bankrupt), or for limited liability. Under the rules, members may be required to pay, in addition to shares and contributions, supplementary sums of a specified or even un-

defined amount. Societies are bound to set aside 5 per cent. of annual net profit to reserve until it amounts to not less than 10 per cent. of the rest of the society's property. Surplus may further be used for any communal purpose or for distribution "in accordance with the degree in which each member of the society has made use of the co-operative institutions." In event of dissolution, any property left after the payment of creditors and the repayment of members' shares may be divided amongst members only if the rules expressly so provide; otherwise the surplus must be kept for co-operative purposes or used to promote public utility works.

Swiss Civil Code—December 10, 1907.

Swiss Code of Obligations—March 30, 1911 (Articles 638-687 and 794-841).

Ordinance II, completing the regulations of May 6, 1890, on the Commercial Register and the Official Commercial Gazette—November 21, 1916.

Ordinance on the community of creditors for obligatory loans—February 20, 1918.

Federal law on Insurance Societies—February 4, 1919.

Order of the Federal Council modifying and completing the provisions of the Swiss Code of Obligations of March 30, 1911, relating to societies with shares and to Co-operative Societies—July 8, 1919.

Order of the Federal Council concerning the consequences of depreciation to companies and Co-operative Societies—December 26, 1919.

Order of the Federal Council concerning the consequence of currency depreciations for Commercial and Co-operative Societies—December 20, 1919.

Collected Swiss laws No. 67—December 26, 1920.

## TURKEY

Provisional law concerning the Agricultural Bank—March 21, 1914.

## UNION OF SOCIALIST SOVIET REPUBLICS

VARIOUS enactments dealing with co-operation existed in Russia before the Revolution, partly embodied in the Law on Public Welfare, partly in those on credit, but the legal position has since been revised more than once. Soon after the first Revolution (March 20, 1917) a law was passed covering all aspects of co-operation. It was soon superseded in Russia but is of importance as forming the basis of co-operative legislation in the Baltic countries. In the early years after the second Revolution, a policy was pursued which aimed at making consumers' co-operation universal and compulsory, although, on the other hand, it limited the societies' freedom to handle agricultural goods. The whole co-operative organisation was State financed. In 1921 this system was modified by a decree removing various restrictions and permitting citizens within the territory of the United Consumers' Society (the compulsory Regional Unit) to form smaller voluntary societies. A further decree of the same year formed the legal starting-point of agricultural societies. At this period societies were also given the right to raise share capital from their members. By a decree of 1923, the compulsory system was completely abolished, and the new policy was further developed by decrees of this year and of 1924. A basic Act for the U.S.S.R. was passed in 1924, but was later amended and modified to suit the different Republics.

By the decree of 1924 co-operative societies were once more divided into agricultural, consumers', craft, housing and credit societies,\* but there appears to have been practically no difference in the regulations for all forms of co-operation. Societies are

\* Credit societies existed only within the system of agricultural or craft co-operation. Housing societies are subdivided into those for leasing and building or repairing.

registered in the different Republics by the People's Commissariats for Trade, Agriculture, etc., by local government committees, or by special State Co-operative Committees. Societies enjoy legal personality. The minimum membership is 30. Membership is open to all persons with political voting rights. The only exceptions being in the case of rural consumers' societies where persons without voting rights may be members but may not elect or be elected, and agricultural handicraft and certain building societies where such persons may elect but not be elected. The share and entrance fee is fixed at a very low figure and the share is payable by instalments in the case of workers with low wages, women and others. Business with non-members is permitted. A society's capital is derived from shares, deductions from profits, etc. Shares may not be transferred, but members may withdraw. Members shares are not liable to seizure for their outside debts. The rules must be drawn up according to an official model. By these rules liability is limited to a member's share plus in some cases an amount to be determined by the society, constituting a multiple of the share. In the case of credit departments a member's borrowing may, by decision of the general meeting, constitute an additional liability. Each member has one vote only and no proxies are allowed. The management committee is elected by the general, or in the case of large societies a delegate, meeting. The election of a council in addition is optional. If formed it acts either in a supervisory capacity or as a substitute for the general meeting. An auditing or revision committee must also be elected and there may be subsidiary committees. Net profits are divided as follows: (1) Not less than 10 per cent. to reserve and 10 per cent. to initial capital; (2) interest on shares at the prevailing bank rate; (3) dividend on business done; (4) special capitals; (5) education, etc.

Credit societies and consumers' societies in the Ukraine provide for a higher percentage to reserve and initial capital. Uncovered losses are distributed among members in proportion to their shares. The Government provides loans but does not appear to exercise any powers of inspection.

There are provisions for federations and amalgamations. Co-operative unions have, besides trading, also organising and auditing functions. Auditing must be carried out annually by the union to which each society is affiliated or in the case of unaffiliated societies by the Regional Co-operative Committee or such union as it shall appoint. Regional unions are further organised in central unions. Societies may be liquidated voluntarily, or if the organisation fails to comply with the law. A society is wound up by decision of the Provincial Executive Committee. Members' share calls are paid after the debts of the organisation have been met, but there is no provision for the disposal of further assets. Societies may cease to function with liquidation of their business and property: (1) on expiration of the period for which the society was founded; (2) on the reduction of members below the stipulated number; (3) by order of the court on insolvency; (4) on failure to comply with the rules or action hostile to the State; (5) at the decision of the general meeting. In the case of (3), liquidation is carried out under a special law. In all cases the interests of creditors are safeguarded. Societies may amalgamate without liquidation, or one society may divide into two or more independent units.

Co-operative societies have considerable privileges as against private persons; they may possess industrial works of any size; they may take over industrialised or municipalised buildings and they have priority in recovery of debts, etc.

The law also gives preferential treatment to co-operatives for the joint working of land, allowing them more credit, and reducing

some fees, taxes, etc. Privileges of this type were not granted in the first years after the Revolution, but they have multiplied in recent years. Co-operative societies are more lightly taxed, not only than private industry but also than Government enterprises. Dividend on purchase paid by consumers' societies is exempt from income tax, and it seems probable, though not perfectly clear, that the same exemption applies to the patronage dividend of agricultural societies. With regard to trade tax (calculated on turnover) consumers' societies with an annual turnover of under 20,000 roubles are exempt altogether, and others pay at a rate reduced by 0.2 per cent. on that paid by private and State industries. The turnover from one co-operative society to a superior organisation in the same system (for example, between the local society and the wholesale) is exempt from taxation. Such levies as the consumers' co-operatives are liable to pay are calculated on the same basis as the State enterprises. Patent duties and "unifying tax" for certain co-operative undertakings are reduced by 25 per cent. if they work only for members and 10 per cent. if they work for non-members. Further, co-operative and collective farms and households cultivating the land without hired labour, receive a rebate on "single Agricultural Tax," and State undertakings are instructed to give especially liberal terms to agricultural co-operative societies with whom they have dealings.

Between 1926 and 1928 certain developments took place in the co-operative law of the Soviet Union, having as their main objects to define further the relations between agricultural co-operation and the State. Central and local authorities are directed to encourage co-operative organisation; the relations between co-operative associations and State enterprises are to be put on a more regular basis, and in the case of the supply of certain products, regular seasonal contracts are to be drawn up;



in these circumstances specially favourable terms are to be accorded to co-operative societies. The people's commissioner for trade is further instructed (1) to see that co-operative societies receive a sufficient price for their products to ensure a profit for the building up of capital, as well as to cover all costs of production ; and (2) to restrain local authorities from meddling in co-operative activities. In addition to the fixed prices paid by Government undertakings to co-operative societies, the former also pay a certain percentage to the central co-operative organisations, to be used as a bonus to agricultural co-operatives who have not a free market for their products. Compulsory supplies may only be demanded of co-operative societies with the consent of the Soviet of Labour and Defence and the economic councils of the federated republics ; adequate credit must be furnished on demand of the co-operatives, payment must not be delayed, and a minimum profit must be guaranteed. Certain provisions are made with a view to preventing competition between Government enterprises and co-operatives in importation and sale of agricultural requirements. Co-operative societies are given the right to engage in foreign trade, and further are to be compensated for any losses incurred in exporting under compulsory State schemes. An amendment to this order deals with the relations between producers' and consumers' organisations. Somewhat similar legislation has been passed with regard to the relations between forestry co-operatives and on the one hand Government enterprises, and on the other co-operative organisations using timber. Earlier legislation dealt with the relations between State industry and consumers' co-operatives. The law emphasises the position of the consumers' co-operatives as the principal distributors of industrial products to the consumers, and lays down the methods by which they may receive supplies from State enterprise under general agreements. Consumers' co-operatives

have first claim on such supplies and have also privileges in the matter of early deliveries, credits, etc.

Considerable attention has been paid to a reorganisation of the agricultural credit system. The credit system functions through the Central Agricultural Bank of the U.S.S.R., the agricultural banks of the Federated Republics, the local agricultural credit banks (agricultural credit societies), and the agricultural credit co-operatives. The Central and Republican banks are in the form of joint stock companies, but at least 51 per cent. of their shares must be held by Government organisations and enterprises. Certain type rules for local credit banks are drawn up by the People's Commissioner for Finance, and modified by the Governments of the Republics. The working of the Central Bank is supervised directly by the People's Commissioner for Finance, all subsidiary credit institutions being controlled by the Governments of the Republics. The Central Bank has the right to draw up for submission to the Government a credit policy for the Soviet Union, which shall include the rates of interest payable by the different credit institutions. The State Bank has the right to participate in the management of all credit institutions formed with the support of State capital. Its participation in other credit institutions is increased, and the bank has the right to control the use of credits which it has opened. All the free reserves of banking institutions are to be invested in the State Bank, and credit may only be opened in the State Bank in the case of institutions forming part of the agricultural banking system and other local communal bodies. Methods of collaboration between different credit institutions are legally fixed. At the same time as a positive system of credit is being laid down, legislation has been passed making usury (defined as the making of loans at a certain rate above the bank rate) a penal offence.

The centres of co-operative credit are consulted, or, at least, their position carefully considered when any legislation is passed. Co-operative credit societies are divided into artisans' and agricultural societies. Agricultural societies form part of the agricultural co-operative system, and may accept other co-operatives as members of unions and local societies, provided credit societies form a majority. Their work is to make loans to members and to accept their savings on deposit ; they are instructed to help in the disposal of members' products and to supply them with the means of production. Each credit society must have at least 50 members, and each union at least 5. Membership of more than one credit co-operative, or of a credit co-operative and a local credit bank, is not allowed. The order fixed in detail the internal government and procedure of credit societies.

Certain regulations have been issued regarding the allocation and amortisation of State loans constituting the foundation capital of agricultural credit societies (local agricultural banks) either already existing or to be formed, and of their unions. Loans are made only after preliminary investigation, and to societies organised in conformity with the law. Loans must be between 2,000 and 10,000 roubles for each local, and not less than 50,000 for each union, provided that no loan shall exceed twice the paid-up capital of the society. Loans are for ten years, at the rate of 8 per cent. per annum. Amortisation takes place after three years, at the rate of 5 per cent. for the first year, 10 per cent. for three years, 15 per cent. for the same period, and 20 per cent. in the final year. The foundation capital of the society must not be reduced by the repayment of the loan, and the society is consequently obliged to deduct annually from profits a sum equal to the amortisation. This sum must not be less than 50 per cent. of the total profits prior to the extinction of the debt. This rule applies also to societies obtaining loans from elsewhere. Interest

on such loans must not exceed 4 per cent. Credit societies may form "special capitals" for the purpose of undertaking trading operations or the organisation and exploitation of productive enterprises, for which they may obtain State loans on similar terms. It is further laid down that it is the duty of the State Bank, the Central Agricultural Bank, and other State and co-operative credit institutions, to finance the operations of agricultural co-operative societies both in supplying the requirements of agriculture and in marketing the produce. Bank credits to agricultural co-operatives for the supply of agricultural products to Government enterprises, for export or for home consumption, are to be opened direct by the agricultural co-operative system. But in the case of supplies of an essentially industrial character, for which agricultural co-operation is not yet strong enough, credits may be opened, in exceptional cases, by industry. In these cases the rules regarding the opening of credits, their functions and destination, are laid down in detail. Rules are also made for the opening of credits in favour of co-operatives purchasing agricultural requirements.

By decree the Central Union, *Centrosoyus*, is made the organisational and economic head of the entire consumers' movement, which it represents in relation to the State. It is authorised to import and export, conclude agreements with industrial and commercial concerns, and undertake storage of agricultural products and raw materials. Membership of consumers' societies has for some years been confined to enfranchised persons—that is, workers. By a recent decree, unenfranchised persons may become members of a rural consumers' society, but may not exercise the right of active or passive voting—that is, they may not elect or be elected to any of the managing committees.

Rules for collective farms were issued in March, 1930. It is stated that a collective shall be composed of the labourers and

small and middle peasants of a village, voluntarily united. All land shall be held in common and boundaries erased. Enclosed lands such as gardens and orchards are excepted. The extent of these may be modified. Collective estate may not be reduced. Persons leaving the collective can only receive holdings on State land. Work animals and livestock are socialised, also implements, seed, corn, feeding stuffs and agricultural buildings. Members' houses remain individual and each member may keep one cow, all poultry, together with sheep and pigs, where the last two are not kept on a commercial scale, and sufficient implements for the cultivation of gardens and orchards. They also have a right to the loan of horses for this purpose. Pig- and poultry-keeping on a commercial scale shall be organised by the collective. But by an amending order it is laid down that members may rear or buy animals of any kind for their personal possession. Reserves of seed and feeding stuffs shall be formed. The object of the collective is to improve the productivity of the land, the methods of farm management and the social conditions of the members.

Membership, by consent of the general meeting, is open to all workers over sixteen except *kulaks* or persons without electoral rights, unless these have a member of their family in the State service who will give a guarantee for them. Former small traders and craftsmen may be admitted, but without the right of electing or being elected. Persons who dispose of their property before applying for admission are not eligible. On admission each member must pay a cash contribution equal to from 2 to 10 per cent. of the value of his possessions, with the exception of domestic and personal possessions. The maximum contribution for labourers is 4 roubles. Workers employed outside the collective pay in addition 3 per cent. of their annual wages. These contributions shall form an indivisible fund. From one-quarter to

one-half of the socialised property of the collective shall also be credited to this fund. The remainder shall be credited to the share account of members and its value can be recovered by members leaving the collective. They are not, however, entitled to recover land within the limits of the collective holding. Accounts must be balanced annually. The support of members incapable of working is a charge on the collective funds.

All the work of the collective must be carried on by its members with the exception of (a) high-grade technical work; (b) extra help with urgent work, for which outside salaried workers may be employed. Work is allotted to members by the management of the collective and may not be refused. It is paid for according to quantity and quality. Members receive up to 50 per cent. of their wages in advance, the balance being paid at the end of the year. Any work undertaken by members outside the collective is subject to a tax on salary of 3-10 per cent. payable into the collective funds. Members incapacitated from work permanently or temporarily receive support from the collective at a rate which may not exceed that of the average wages. Members must obey the rules drawn up by the general meeting and the management committee, and breaches of the rules—"un-economic or negligent conduct," failure to work seriously, etc.—involve penalties and in the last resort expulsion.

The governing body of the collective is the general meeting, or in the case of a large collective, a delegate meeting. Each member has one vote taken by show of hands. This body elects the management committee and the auditing committee for one year. The management committee is in charge of the general direction and the accounts of the collective. The auditing committee not only audits the latter but also supervises the work of the management committee and sees especially that the legal obligations of the collective are fulfilled. The collective is affli-

ated to the union of collectives and also enters into contracts with the latter and also with State and co-operative trading organisations for the production of specified crops, their marketing, the purchase of agricultural and domestic requirements, and the use of credit and technical services.

Collectives and agricultural societies with limited resources may receive a reduction of 50 per cent. in agricultural tax provided that work animals and dead stock are socialised. Such societies also receive certain rights to fresh credits and relief in respect of old credits, also with regard to the taxation of cows, poultry and other livestock. Groups where work animals and dead stock have not been socialised receive a half-measure of relief in the last instance.

Peasants entering collectives must previously pay off all debts due to credit societies. Loans not yet due are transferred to the collective in so far as their value is represented by socialised property. Similar rules are laid down for the indebtedness of collectives amalgamating with one another.

In November, 1930, an All-Union syndicate for the electrification of the countryside was created under the name of *Sojusselektro*. It was entrusted with the task of drawing up plans for electrification, sanctioning all schemes exceeding a certain magnitude, building power stations, acting as a wholesale agency for electrical material, and training, registering and supplying the services of technicians. The extent and sources of the capital of *Sojusselektro* are referred to the People's Commissariats for Agriculture and Finance.

Compulsory fiscal insurance has been enforced in order to cover certain agricultural risks. An order of May, 1930, makes compulsory the State insurance of buildings, crops, live and dead stock belonging to collectives, co-operative societies other than consumers' and individual undertakings. The rates of insurance

and the percentage value to be insured are laid down by the order and vary as between collectives, co-operatives and individuals, as well as with districts. With the object of encouraging the cultivation of certain crops, cotton, soya, mallow, flax, tobacco, etc., these are also ensured for a fixed yield per acre, compensation being payable if the yield is not reached. In the case of other crops, those who have extended the area under cultivation are exempted from payment of premiums for the new area. The Governments of the different republics are authorised to modify the terms laid down. Certain groups and individuals are exempted from the payment of premiums, principally on the ground of poverty. Insurance is carried on by the State Insurance Institute, *Gusstrakh*. A further decree makes compulsory the insurance of employees of collectives or individuals. This insurance covers sickness, disablement, death and unemployment.

An order of January, 1930, aims at the reform of the credit system and especially the substitution of bank for trading credit in socialised enterprises. The first article prohibits the granting of trading credit for goods or services by State enterprises, co-operative societies or mixed societies with shares in which there is no foreign capital. After laying down the procedure for obtaining credit to be followed by syndicates and trusts, the order turns to co-operative societies. Consumers and industrial productive societies are to obtain credits from the State Bank through their central and regional unions. With regard to agricultural co-operatives, it is pointed out that the process of collectivisation and technical improvement call for immense credit resources and that while the credit system must be based on the State it is necessary to utilise all existing peasant resources, a process which has been made easier by the formation of the collectives themselves. A preliminary step has been the liquidation of the All-Russian and All-Ukrainian co-operative banks and their reorganis-



ation in an amalgamated form and in closer relation to the State Bank and under the name of the All-Union Bank of Agricultural Co-operatives and Collectives. It is placed under the All-Union Soviet of Agricultural Co-operation. It assimilates all the resources and activities of the existing credit system. Local credit societies, formerly organised in connection with agricultural societies, which form the first step in the general credit system and collaborate with the branches of the State Bank, are re-organised and limited to strictly banking functions, that is to say, financing production, manufacture and marketing by collectives, agricultural productive societies and individual small and middle peasants. Societies of cultivators may also undertake the transmission of credits from the credit societies to the peasants. Credits may be granted for production according (*a*) to Government agricultural plans for the district ; (*b*) a plan drawn up by the organisation financed ; (*c*) contracts between local and district productive societies. Societies must supervise the proper use of credits and their regular repayment. Societies are composed of collectives, co-operatives, agricultural syndicates and mutual aid committees, as well as individual small and middle peasants. They are entitled to carry on general elementary banking services.

Credits granted for purposes of internal colonisation are also handled by the All-Union Bank and the local credit banks. They are available for purposes of agricultural production and also for housing, road-making, irrigation and similar purposes. Loans are up to fifteen years in the Far East and ten years elsewhere, with interest at  $3\frac{1}{2}$  per cent.

Law on Public Welfare, Volume XIII, Article 443.

Law on Credit Societies—1897.

Law on small Credit Societies—1904.

Law on Co-operative Societies—1915.

Law on co-operation—March 20, 1917.

Decree of a Council of People's Commissaries in regard to United Workers and Peasants Consumers' Societies—March 20, 1919.

Resolution of the Supreme Central Executive Committee substituting a tax in kind for the requisition of foodstuffs—March 21, 1921.

Decree on Consumers' Co-operatives—April 7, 1921.

Decree on agricultural co-operation—August 16, 1921.

Decree on the privileges of Governmental and Co-operative Concerns—June 20, 1923.

Decree containing the *pro forma* Normal Statute of an Agricultural Society—June 24, 1923.

Decree on Agricultural Societies—August 22, 1923.

Decree on the reorganisation of consumers' co-operation on the basis of voluntary membership—December 28, 1923.

Decree on the order of Liquidation of Industrial and Co-operative Societies and of their unions—1923.

Decree extending the above decree to Agricultural Corporations—December 12, 1923.

\* Decree on consumers' co-operation—May 20, 1924.

\* Decree on agricultural co-operation—August 22, 1924.

Decree on privileges of taxation of Consumers' Co-operative Organisations—September 10, 1926.

Decree on income tax levies on Governmental, Co-operative Organisations and Limited Companies in which not under 50 per cent. of capital belongs to Governmental and Co-operative Organisations—November 1, 1926.

Decree on relations of State Undertakings and Agricultural Co-operatives—February 25, 1926.

Law on the relations between State industry and the Consumers' Co-operatives—August 18, 1926.

Law on the taxation of Co-operative Organisations—October 15, 1926.

Order sanctioning the system of agricultural credit—January 7, 1927.

Order sanctioning the system of co-operative credit—January 18, 1927.

Order concerning the liquidation of peasant shareholdings in Agricultural Credit Societies—February 4, 1927.

Order instituting measures for confirming and developing agricultural co-operation—February 25, 1927.

Order relating to the issue of the third Government loan with bounty in favour of the peasants—March 11, 1927.

Decree on handicraft co-operation—March 11, 1927.

Order authorising the Central Agricultural Bank of the U.S.S.R. to issue a loan by bonds guaranteed by the State for the nominal sum of 100 million roubles—March 31, 1927.

Decree on the single agricultural tax—April 2, 1927.

Order amending the order of February 25, 1927, instituting measures for confirming and developing agricultural co-operation—April 29, 1927.

Order concerning the industry of artisans and professional co-operation—May 3, 1927.

Order concerning the coming into force of the regulation on Professional Co-operatives—May 11, 1927.

Order concerning exemptions from stamp duty in favour of Professional Co-operatives—May 11, 1927.

Ruling concerning Professional Co-operatives—May 11, 1927.

Order sanctioning the regulations for the cessation of Co-operative Organisations by liquidation, fusion, or division—June 15, 1927.

Order sanctioning the order on the principles of a system of credit—June 15, 1927.

Order sanctioning the rules of Societies with shares—August 15, 1927.

Order on usury—August 17, 1927.

Decree on housing co-operation—August 19, 1927.

Order giving instructions on the conditions and methods of allocating and amortising loans for the foundation capital of Agricultural Credit Societies and their unions on account of funds allocated to this purpose in the State budget of the U.S.S.R.—August 30, 1927.

Order giving instructions concerning the methods of allocating and amortising loans for special capital funds of Agricultural Credit Societies and their unions—August 30, 1927.

Order indicating measures to help in the development of branch activities by Co-operative Credit Societies—August 31, 1927.

Order amending the order of December 7, 1926, concerning the exemption of Co-operative Organisations from taxation—September 7, 1927.

Order amending Article 7 of the regulations concerning the accounts of industrial and commercial enterprises and Credit Institutions—September 27, 1927.

Order concerning the working of bank credit operations by Agricultural Co-operative Societies—October 14, 1927.

Order concerning the working of Forestry Co-operatives—October 14, 1927.

Order proroguing, as far as Credit Co-operatives are concerned, the

order of July 22, 1924, concerning the restitution of the property of Agricultural, Industrial, and Credit Co-operatives—October 15, 1927.

Ruling concerning the banking committee of the People's Commissariat of Finance for the U.S.S.R., and banking councils for the People's Commissariats of Finance for the republics of the Union—October 31, 1927.

Order amending Article 7 of the order of May 20, 1924, concerning Consumers' Co-operatives—November 23, 1927.

Law exempting the patronage dividends of Consumers' Co-operatives from income tax—December 14, 1927.

Order concerning the allocation and amortisation of loans to emigrant colonists established by All Russian Colonisation Funds—December 31, 1927.

Order amending Article 7 of the Regulations of May 30, 1924, concerning Consumers' Co-operative Societies—December 31, 1927.

Order amending the order of May 20, 1924, on Consumers' Co-operative Societies—January 11, 1928.

Decree on Rural Consumers' Societies—January 11, 1928.

Regulation concerning societies for mutual credit—February 8, 1928.

Order concerning the institutions of funds for granting long-term credit to Co-operatives—February 20, 1928.

Regulations respecting Co-operative Credit Societies—February 27, 1928.

Order ratifying the regulations for Governmental syndicates and the agreement on the constitution of such syndicates—February 29, 1928.

Order completing the order of July 22, 1924, on the restitution of properties to Agricultural, Professional and Credit Co-operatives—March 2, 1928.

Order making rules of procedure for the concession and amortisation of loans intended to form the capital of Societies and Professional Unions for the supply of credit—March 15, 1928.

Order concerning Craftsmen's Co-operative Societies and the small industries of Koustars—May 21, 1928.

Order concerning the methods of forming and using the reserve funds of Co-operative Societies—May 23, 1928.

Order confirming the rules of the All-Union Central Organisation of Consumers' Societies—May 24, 1928.

Order amending the regulation of January 18, 1927, concerning co-operative credit—May 30, 1928.

Order of the Soviet of People's Commissars ratifying the general regulations on the organisation and functioning of local Agricultural Credit Societies—July 3, 1928.

General Regulations concerning the organisation and functioning of local Agricultural Credit Societies—July 3, 1928.

Order of the Central Executive Committee of the Soviet of People's Commissars ratifying the regulations for insuring the repayment of deposits made with Agricultural Credit Organisations—July 18, 1928.

Regulation insuring the repayment of deposits made with Agricultural Credit Organisations—July 18, 1928.

Order concerning the basis of grants of long-term credit to co-operation—August 10, 1928.

Law on the trade tax—August 10, 1928.

Order amending Article 13 of the order of Committee of the Soviet of People's Commissars of the U.S.S.R. concerning consumers' co-operation—August 15, 1928.

Order concerning the operations of the Savings Departments of Co-operative Organisations which do not work on the basis of the Co-operative Credit Regulations—August 16, 1928.

Order concerning the extension of the regulations of commercial registration to consumers' co-operation—August 17, 1928.

Regulation concerning the All-Union Soviet of agricultural co-operation—September 26, 1928.

Order concerning the method of holding reserves by Mutual Credit Societies—November 14, 1928.

Order of the S.C.P. making regulations for the struggle against spurious Co-operatives—December 28, 1928.

Order of the C.E.C. and S.C.P. on the liability of Professional Unions—January 23, 1929.

Order of the C.E.C. and S.C.P. concerning the payment of shares in Co-operative Consumers' Societies—February 6, 1929.

Order of the C.E.C. and S.C.P. ratifying the regulations concerning the liquidation of Government enterprises and societies with mixed shares as well as of Co-operative Organisations—February 6, 1929.

Regulations concerning the liquidation of Co-operative Organisations—February 6, 1929.

Order of the C.E.C. and S.C.P. delaying the date for the liquidation of peasant shares in Agricultural Credit Societies—February 7, 1929.

Order of the C.E.C. and S.C.P. on the agricultural credit system—February 13, 1929.

Order of the S.T.B. granting repayments for commercial operations and credit operations by Co-operative Organisations in the Ukraine—February 13, 1929.

Order of the C.E.C. and S.C.P. completing Article 2 of the regulations concerning Societies for mutual credit—March 6, 1929.

Order of the S.C.P. making rules for the financing of middle peasant holdings for the purpose of the sale of machinery and agricultural implements—March 15, 1929.

Order concerning the Reserve Fund of Agricultural Credit Institutes—March 15, 1929.

Order of the S.C.P. concerning Forestry Co-operatives—April 23, 1929.

Order of the S.C.P. concerning the formation of Co-operative Societies of women engaged in small industries—May 3, 1929.

Order of the S.C.P. amending the rule of the Central Agricultural Bank of the U.S.S.R.—May 24, 1929.

Decision of the Fifth Session of the Soviets of the U.S.S.R. concerning means for the improvement of agricultural economy and the co-operative organisation of the country—May 28, 1929.

Order of the S.C.P. amending the order of May 21, 1928, concerning craftsmen's co-operation—May 29, 1929.

Order of the C.E.C. and S.C.P. concerning the reform of Government organs and of Co-operative Organisations and Societies—June 1, 1929.

Order of the C.E.C. and S.C.P. completing the amendment of the regulation concerning craftsmen's co-operation—June 7, 1929.

Order of the C.E.C. and S.C.P. ratifying the rules of the Government Bank of the U.S.S.R.—June 12, 1929.

Rules of the Government Bank of the U.S.S.R.—June 12, 1929.

Order of the C.E.C. reducing the exemptions from taxation in favour of Credit Establishments—June 12, 1929.

Order of the S.C.P. concerning regulations for the All-Union Bureau of Co-operation for the production of cotton—July 3, 1929.

Appeal of the Presidium of the C.E.C. to Peasants, calling upon them to keep the documents relating to loans for the support of peasant economy—July 5, 1929.

Order of the S.T.D. amending the order of May 31, 1928, on craftsmen's co-operation—July 16, 1929.

Order of the C.E.C. and S.C.P. making rules for the granting of exemptions and privileges to Primary Co-operatives—August 7, 1929.

Order of the C.E.C. and S.C.P. concerning All Union funds for the granting of long-term credits for consumers' co-operation—August 7, 1929.

Order of the S.C.P. amending Article 90 in the rules of the Central Agricultural Bank—August 26, 1929.

Order of the S.T.D. concerning the delivery of raw materials to Productive Co-operative Societies—August 30, 1929.

Order of the C.E.C. and S.C.P. on Agricultural Co-operation—September 18, 1929.

Order of the S.T.D. concerning the formation of indivisible share capital by Agricultural Co-operatives—September 27, 1929.

Order of the C.E.C. and S.C.P. amending Article 13 of the order of August 10, 1928, establishing bases for the granting of long-term credit for co-operation—September 27, 1929.

Order of the S.C.P. laying down methods for bringing women into agricultural co-operation—October 13, 1929.

Order of the S.C.P. fixing the maximum interest of agricultural credit—October 31, 1929.

Order of the C.E.C. and S.C.P. concerning the operation of the savings departments of Consumers' Agricultural and Productive Co-operatives, not operating under the rules for co-operative credit—November 6, 1929.

Order of the S.C.P. on the rationalisation of the grant of loans and the opening of credits in favour of agricultural and productive co-operation—November 18, 1929.

Order of the C.E.C. and the S.C.P. on the reform of credit—January 30, 1930.

Order of the S.C.P. laying down procedure for the amortisation of indebtedness on entering collectives—February 4, 1930.

Order of the C.E.C. and the S.C.P. on the funds for long-term loans to consumers' co-operation—February 6, 1930.

Order of the C.E.C. and the S.C.P. laying down procedure for the ratification of the rules of Agricultural Societies with shares—February 16, 1930.

Order of the S.T.D. organising the All-Union Syndicate for eggs and poultry—February 26, 1930.

Order of the S.T.D. organising the All-Union Syndicate for milk and butter—February 26, 1930.

Order of the S.T.D. organising the All-Union Syndicate for fruit and vegetables—February 26, 1930.

Model rules of an Agricultural Artel—March 1, 1930.

Order of the C.E.C. and the S.C.P. authorising the All-Union Bank of Agricultural Co-operatives and Collectives to issue in 1930 a loan with bonds guaranteed by the Government of the U.S.S.R. to the value of 50 million roubles—March 13, 1930.

Order of the S.C.P. concerning the allocation of loans to emigrants settled on lands through the All-Union Fund for internal colonisation—March 18, 1930.

Order of the S.T.D. concerning the compulsory fiscal insurance of cotton plantations in new districts against hail, frost and wet in 1929-30—March 21, 1930.

Order of the S.T.D. concerning the compulsory fiscal insurance of soya crops against bad harvests in 1929-30—March 21, 1930.

Order of the S.T.D. concerning the compulsory fiscal insurance of mallow crops against bad harvests—March 21, 1930.

Order of the C.E.C. and the S.C.P. concerning the compulsory insurance of co-operative property—March 23, 1930.

Order of the S.C.P. regarding the rate of interest in financing cultivators on the conclusion of contracts for agricultural cultivation—March 29, 1930.

Order of the S.T.D. concerning reserves in the case of the credit schemes of the All-Russian Bank of Agricultural Co-operatives and Collectives—March 29, 1930.

Order of the Praesidium of the C.E.C. extending the facilities of the law of April 2, 1930, to societies for the exploitation in common of the land and to their members—April 12, 1930.

Explanation issued by the People's Commissariat for Agriculture in the U.S.S.R. on the coming into force of the model rules for Agricultural Artels—April 13, 1930.

Model Rules for Fishery Societies—April 17, 1930.

Order of the C.E.C. and the S.C.P. on co-operation for the disabled—April 23, 1930.

Order of the S.T.D. concerning compulsory fiscal insurance in rural districts—May 31, 1930.

Order of the S.T.D. on the compulsory fiscal insurance against bad harvests of cotton plantations in the Soviet Republics of the Uzbecks, Turcomans and Tadjiks and the autonomous Soviet Republics of the Cossacks and Kirghizes—May 31, 1930.

Order of the S.C.P. transforming the Union of Unions of agricultural co-operatives into an All-Union organisation and suppressing the All-Union Soviet of agricultural co-operation—June 1, 1930.

Order of the S.C.P. on the Koustar industry and on professional co-operation—June 2, 1930.

Order of the S.C.P. granting facilities to the agricultural enterprises of consumers' co-operation—June 15, 1930.



Order of the S.T.D. regarding compulsory insurance of flax against drought in 1930—June 16, 1930.

Order of the S.C.P. amending the order of January 30, 1930, on the reform of credit—June 25, 1930.

Order of the S.T.D. amending certain orders relating to the order of January 30, 1930, on the reform of credit—June 25, 1930.

Order of the S.C.P. amending the order of the S.C.P. concerning contracts relating to agricultural production—June 28, 1930.

Order of the C.E.C. and the S.C.P. giving facilities as regards agricultural taxes to Artels and Agricultural Societies with small resources engaged in the communal exploitation of land—July 8, 1930.

Order of the C.E.C. and the S.C.P. completing the order of January 30, 1930, on the reform of credit—July 22, 1930.

Order of the S.T.D. regarding the compulsory fiscal insurance of light tobacco against bad harvests—July 22, 1930.

Order of the S.C.P. taking measures for the improved working of consumers' co-operation—August 18, 1930.

Order of the C.E.C. and the S.C.P. ratifying the explanation of the People's Commissariat for agriculture and the Central for Collectives of the U.S.S.R. regarding the rights of members of Collectives to own livestock—August 24, 1930.

Order of the C.E.C. and the S.C.P. regarding the social insurance of male and female employees on peasant farms—October 3, 1930.

Order of the S.T.D. regarding the rates and methods of recovering fines for delayed payment of compulsory insurance from Kulaks and persons subject to revenue tax—October 21, 1930.

Order of the S.T.D. regarding compulsory fiscal insurance in towns and rural districts in October–November, 1930 and 1931—October 28, 1930.

Order of the S.C.P. concerning the drawing up of balance sheets by Agricultural Co-operative Unions and the liquidation of the debts of District Agricultural Co-operative Unions—November 2, 1930.

Order of the C.E.C. and the S.C.P. giving facilities to members of Productive Artels—November 3, 1930.

Order of the C.E.C. and the S.C.P. concerning the admission of minors as members of Co-operative Societies—November 13, 1930.

Order of the C.E.C. and the S.C.P. concerning the participation of foreigners as associates in consumers' co-operation—November 13, 1930.

Order of the C.E.C. and the S.C.P. on the transference by the All-Russian and All-Ukrainian Co-operative Banks to the All-Union Bank of Agricultural Co-operatives and Collectives of funds for long-term loans

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to agricultural co-operation as well as reserve funds and sums representing the shares subscribed by Agricultural Co-operative Societies—November 13, 1930.

Order of the C.E.C. and the S.C.P. concerning the non-admission of Kulaks and persons without electoral rights to the co-operative movement—November 13, 1930.

Order of the S.T.D. regarding the organisation of an All-Union Syndicate for the electrification of the countryside—November 19, 1930.

Order of the S.T.D. concerning the compulsory fiscal insurance of agricultural crops against frost and wet in Western Siberia in 1931—November 25, 1930.

Order of the S.T.D. concerning the compulsory fiscal insurance of rice crops against bad harvest in the Far East in 1931—November 25, 1930.

Order of the S.C.P. amending the order of the S.C.P. taking measures to combat spurious co-operatives—November 23, 1930.

Order of the C.E.C. and the S.C.P. regarding the payment of shares in Consumers' Societies—December 3, 1930.

Order of the C.E.C. and the S.C.P. concerning the transference to the State Bank of the U.S.S.R. of credit for long-term loans to agriculture—December 5, 1930.

Order of the C.P.T. of the U.S.S.R. regarding the State standardisation and the unification of the salaries paid to the employees of State institutions, to administrative officers of State enterprises and public and Co-operative Organisations—May 30, 1931.

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Decree ratifying the ruling for unions of Disabled Persons' Co-operative Societies—July 5, 1926.

Decree amending and completing the rules of Rural Credit Societies—September 15, 1926.

Order sanctioning the rules of apprenticing artisans and home workers as well as Industrial Co-operatives and Workers' Artels—April 20, 1927.

Order concerning measures with a view to the development and confirmation of agricultural co-operation—May 12, 1927.

Order amending the rules of Communal Banks—May 21, 1927.

Order concerning the results of developing the home industry of artisans and of the Professional Co-operative Societies of home workers as well as measures for their confirmation and further development—May 31, 1927.

Order amending the order of May 12, 1927, concerning measures for the

development and reinforcement of agricultural co-operation—June 23, 1927.

Order concerning the registration of co-operative Soviets—June 28, 1927.

Order concerning the report of the central committee of peasant societies for mutual aid, on the state of mutual aid amongst these societies—July 2, 1927.

Order concerning the working and the structure of the system of agricultural credit—July 14, 1927.

Order sanctioning the ruling concerning the special capital of the Agricultural Bank with regard to grant of credit for fireproof buildings in rural districts—July 16, 1927.

Order concerning the report of the Central Union of Consumers' Co-operatives—July 23, 1927.

Order completing the rules relative to the allocation of funds for credit grants to the rural poor instituted by the Agricultural Bank—July 29, 1927.

Order sanctioning the instructions concerning the employment of credits granted on account of the general funds of the agricultural credit system for purposes of agrarian organisation—August 6, 1927.

Order sanctioning the instructions of the Liquidation Commission of the office of seed loans of the People's Commissariat for Agriculture—August 20, 1927.

Decree on agricultural co-operation—October 3, 1927.

Decree on industrial credit co-operation—October 24, 1927.

Order amending Article 295, annotation 1, to Article 296 and Articles 312, 314 and 324 of the Civil Code of the R.S.F.S.R., abrogating Article 317 of the same code and completing Article 19a by an Appendix. (Concerning various types of society.)—December 20, 1927.

Order concerning the responsibility for losses occasioned by illegal intervention on the part of the authorities in the activity of Co-operative Organisations—January 16, 1928.

Order concerning Mutual Banks or Professional Co-operatives—January 16, 1928.

Order ratifying the regulations for Mutual Banks of independent workers—January 16, 1928.

Order completing the order of October 3, 1927, ratifying the regulations concerning agricultural co-operation—January 23, 1928.

Order concerning Workers' Artels—January 30, 1928.

Order concerning the guarantee for the safety of deposits placed with Agricultural Credit Societies—January 30, 1928.

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Order concerning Industrial and Professional Co-operative Societies of artisans in autonomous republics and territories—February 23, 1928.

Order completing the regulations on agricultural co-operation—January 27, 1928.

Order amending the order sanctioning instructions to the liquidators of the Office for the Loan of Seeds under the People's Commissariat for Agriculture—March 15, 1928.

Order amending Articles of the Civil Code concerning societies with shares—March 19, 1928.

Order concerning private societies for guarantee of obligations—March 19, 1928.

Order on the cession to Peasants' Mutual Societies or to village Soviets of sums confiscated by the State in cases where contracts for the exploitation of land for the use of workers have been declared void—March 26, 1928.

Order ratifying the regulation of funds for the allocation of long-term credits to co-operation—April 5, 1928.

Order ratifying the regulation of funds for long-term credit to co-operation—April 5, 1928.

Order concerning craftsmen's co-operation—April 5, 1928.

Order concerning the use of capital for the enlargement of Government enterprises in agriculture—May 11, 1928.

Order completing the order of April 5, 1928, on professional co-operation amongst artisans—June 7, 1928.

Order establishing measures for the promotion of credits to poor peasants through the system of agricultural co-operation—June 9, 1928.

Order laying down the conditions of loans for the formation of foundation capital of Agricultural Credit Societies, these loans being made from the funds assigned in the budget to agricultural credit—June 9, 1928.

Order concerning the regulation of professional co-operation—June 11, 1928.

Order concerning societies of artisans—June 18, 1928.

Order concerning the system of agricultural credit—June 21, 1928.

Order ratifying the model rules of Mutual Credit Societies—July 5, 1928.

Order amending the regulations of agricultural credit—July 9, 1928.

Order granting to Primary Co-operative Societies and Mutual Peasant Associations certain privileges in regard to Government supplies—July 9, 1928.

Order ratifying the regulation of mixed Co-operative Unions in the extreme north—July 9, 1928.

Order providing for the increase in the sums set aside in local budgets for the special and foundation capital of Local Agricultural Credit Institutions—July 12, 1928.

Order amending Article 16 of the Regulations governing the fund for long-term credit to co-operation—July 18, 1928.

Order concerning the statutes of Agricultural Banks—August 16, 1928.

Order concerning the cession to Professional Co-operative Organisations of industrial enterprises and equipment—August 20, 1928.

Order amending the regulations concerning agricultural co-operation—August 20, 1928.

Order ratifying the regulation for the grant of loans for the redemption of peasants' shares in Agricultural Credit Societies—August 28, 1928.

Order ratifying the model rules of Local Agricultural Banks—August 31, 1928.

Order to promote the organisation of agricultural communities of soldiers discharged from Red Army—October 15, 1928.

Order ratifying the regulation of communal trusts—October 23, 1928.

Order amending the regulations concerning the funds for long-term credit to co-operation—October 25, 1928.

Order prohibiting the local authorities from taking part in the activity of Agricultural Credit Institutions—October 30, 1928.

Order concerning the report of the People's Commissariat on the results of Forestry Co-operatives—October 30, 1928.

Order concerning the report of the People's Commissariat on the activity of Agricultural Co-operative Credit Unions—November 6, 1928.

Order providing for the representation of professional co-operation on the Council controlling funds for the granting of credit to poor persons in the country—November 30, 1928.

Order concerning procedure for strengthening peasants' mutual enterprises forming part of Government Organisations—December 1, 1928.

Order amending and completing the regulations on agricultural co-operation—December 3, 1928.

Order amending and completing regulations on professional co-operation—December 3, 1928.

Order concerning the inclusion of a representative of the People's Commissariat for Commerce of the R.S.F.S.R. in the Committee for granting long-term credit to co-operation in the All-Russian Co-operative Bank—December 20, 1928.

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Order postponing until May 1, 1929, the passage of the new rules for Co-operative, Professional and Credit Organisations—December 22, 1928.

Order cancelling the order of the Economic Soviet of the R.S.F.S.R. of July 9, 1928, concerning the concessions of credit to the poorer peasants from the resources of the Agricultural Co-operative System—December 22, 1928.

Order describing the procedure for the granting of credit to peasants' mutual committees from funds placed to this account in the State budget of the R.S.F.S.R.—January 12, 1929.

Order amending and completing the order concerning the report upon the development of forestry co-operation—January 19, 1929.

Order concerning the postponement of the passage of the new rules for Agricultural Co-operative Credit Organisations—March 7, 1929.

Order amending Article 132 of the regulations on agricultural co-operation—March 16, 1929.

Order of the S.C.P. taking measures for the struggle against spurious Co-operatives—March 27, 1929.

Order of the C.E. concerning Co-operative Societies for workers' gardens—April 13, 1929.

Order of the C.E.C.P. and the S.C.P. concerning Co-operative Artels for forestry production and their unions—April 15, 1929.

Order of the C.E.C.P. and the S.C.P. completing Article 83 of the regulations concerning agricultural co-operation—April 15, 1929.

Order of the C.E.C.P. and the S.C.P. postponing until October 1, 1929, the passage of the new rules for Co-operative Societies for production and for credit and production—April 22, 1929.

Order of the C.E.C.P. and the S.C.P. making rules for the Agricultural Bank—April 22, 1929.

Order of the C.E. approving the rules concerned with the financing of a co-operative system for horse breeding for the purpose of providing working stock—April 29, 1929.

Order completing the regulation of co-operative production—June 17, 1929.

Order of the C.E.C.P. and the S.C.P. amending Article 324 of the Civil Code concerning limited companies formed exclusively by Co-operatives—July 1, 1929.

Order of the S.C.P. exempting certain transactions of Agricultural Co-operative Societies from legal fees—July 19, 1929.

Order of the C.E.C.P. and the S.C.P. amending the regulations of October 3, 1927, concerning agricultural co-operation—August 12, 1929.

Order of the S.C.P. exempting the founders of Primary Agricultural Co-operative Organisations from legal fees—August 13, 1929.

Order of the S.E. concerning the agricultural credit system in 1927-28 and the first half of 1928-29—August 15, 1929.

Order completing the regulations concerned with productive co-operation—September 16, 1929.

Order of the C.E.C.P. and the S.C.P. postponing the passage of the new rules for Agricultural Credit Societies in the Kirghis Republic—September 23, 1929.

Order of the C.E.C.P. and the S.C.P. amending the form of registration for Peasants' Mutual Aid Societies—October 10, 1929.

Order of the C.E.C. and the S.C.P. concerning the transfer to agricultural co-operation of enterprises for the processing of agricultural products—October 10, 1929.

Order of the S.E. ratifying instructions concerning the re-organisation of Agricultural Credit Societies and the distribution of their funds—October 15, 1929.

Order of the S.C.P. taking measures to promote the entrance of peasants into agricultural co-operation—October 18, 1929.

Order of the C.E.C.P. and the S.C.P. amending and completing the Civil Code of the R.S.F.S.R. concerning the liquidation of Government enterprises, mixed limited companies and Co-operative Organisations—October 20, 1929.

Order of the S.E. amending the model Rules for Local Agricultural Banks—December 10, 1929.

Instruction of the C.S.E.N. of the R.S.F.S.R. regarding the transformation of Labour Artels into Industrial Co-operative Societies—March 28, 1931.

Order of the C.E.C.P. and the C.P.T. of the R.S.F.S.R. regarding the reorganisation of Labour Artels—April 15, 1931.

## UKRAINE SOCIALIST SOVIET REPUBLIC

Law on the rights of local authorities (relates to the registration of Co-operative Societies)—June 27, 1927.

Decree on Co-operative Societies—February 17, 1928.

## UNITED STATES OF AMERICA

FEDERAL legislation on co-operation is mainly negative in character. Section 6 of the Clayton Act (1914) exempts certain types of farmers' association from the operation of the Federal Anti-Trust Law. In 1922 the Capper-Volstead Act carried this principle further and exempted all societies formed by agriculturists with or without capital stock for the manufacturing or marketing of agricultural produce, provided (1) that the rules insist on "one-man-one-vote"; (2) that interest on shares is limited to 8 per cent.; and (3) that the society does not deal with non-members to a greater extent than members. If a society, however, acts as a monopoly or unjustifiably raises prices it may, after a warning from the Secretary of Agriculture, be restrained in the courts.

In 1926 marketing societies and their federations obtained further recognition by an Act "to create a division of co-operative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to co-operation; to promote the knowledge of co-operative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on co-operative activities; to authorise co-operative associations to acquire, interpret and disseminate crop and market information, and for other purposes."

A further Act was passed in 1927 to prevent discrimination against co-operative associations by Boards of Trade. It was laid down that Boards of Trade dealing in the sale or purchase of agricultural produce may not exclude from participation duly authorised representatives of any legally constituted and administered co-operatives composed essentially of producers of agricultural products, provided that such an association possesses



sufficient financial responsibility and has satisfied the conditions imposed.

Individual states have, however, passed numerous specifically Co-operative Acts, the earliest being apparently a Michigan statute of 1865, designed primarily for consumers' societies. Later Acts took more account of the growing agricultural movement with its marketing bias, and in 1921 the so-called " Standard Marketing Act " was drafted by the legal advisers of the co-operative movement and in the course of the next seven years was adopted with slight variations by 42 out of the 48 states.<sup>1</sup>

The objects of the Act are stated to be " to promote, foster and encourage the intelligent and orderly marketing of agricultural products through co-operation ; and to eliminate speculation and waste ; and to make the distribution of agricultural produce between producer and consumer as direct as can efficiently be done ; and to stabilise the marketing of agricultural products." Associations may be formed for processing, marketing, supply of requirements or financing these operations. Their duration is limited to fifty years. They may be with or without capital stock. The minimum membership is 20 and is limited to agriculturists. In societies without capital stock the articles of incorporation decide " whether the property rights and interest of each member shall be equal or unequal." Entrance fees, the " number and qualification of members or stockholders," and " the amount of stock " withdrawals and transference of shares subject to general corporation laws are also dealt with in the bylaws. Preference shares are permitted and may be held by non-members. They may carry votes. One-man-one-vote is established by law ; proxies are permitted. Amendments to the articles of association must be passed by a majority of the member-

<sup>1</sup> The exceptions are Delaware, Michigan, Pennsylvania, Rhode Island Vermont, and Wisconsin.

ship. On the demand of two-thirds of the directors a referendum of members may be taken on any question. One-fifth of the directors may be non-members. Associations enjoy corporate rights and may carry on business on behalf of members, borrow money, make advances to members, invest funds and acquire real and personal property, mortgage, etc. Associations may be members of one another. The produce of non-members may not be handled except for storage. Liability is in all cases limited. No member may hold more than one-twentieth of share capital and a lower limit may be fixed by rule. Binding contracts for a period not exceeding ten years may be made between members and societies for the marketing of produce. The law provides for liquidated damages and payment of costs by defaulting members and also gives the society power to obtain an injunction restraining a threatened breach. A landlord is made responsible for the delivery, according to the contract, of the produce of tenants on his land whose tenancies date from after the conclusion of the contract. The Act also makes it a misdemeanour for a third person to incite to a breach of contract. It is expressly stated that the actions of co-operative organisations, as laid down by law, shall not be held to be monopolistic or in restraint of trade.

The general corporation laws apply to associations except when they are in conflict with existing acts. The Act contains a provision to facilitate the advance of money from the banks on the security of warehoused produce. The word "co-operative" is protected. Associations must submit annual reports and balance sheets but there are no provisions regarding the qualifications of auditors.

No Federal legislation touches the question of audit, which is left to the states to regulate. It is a curious reflection on the drafting of American state laws, and especially on the Standard

Marketing Act, that this important provision was completely omitted by every state except Minnesota. It is true that an annual report of each society has, as a rule, to be forwarded to the Minister of Agriculture, but this is not an audit. Auditing is usually carried on by an auditing committee appointed under society's rules and from among its members. Others go to private firms, others have formed voluntary auditing unions, or apply to existing bodies like the Federation of Farm Bureaux. In one case the State undertakes auditing on a non-compulsory basis. The Federal Farm Board carries out a compulsory audit, sometimes several times in the year, of those societies to which it has made loans. This resembles the French system. In Minnesota alone a Public Auditor exists, who wields despotic power and to whom all societies are obliged to submit their affairs.

No definite provision is made for the distribution of profit. As previously noted the Capper-Volstead Act lays down a minimum of 8 per cent. on share capital and this is repeated in the clause dealing with marketing contracts in the present Act. Only certain versions of the Act provide that farmers' co-operative societies are exempt from income tax if they return to all patrons (members and non-members sharing alike) all proceeds from business transactions except necessary operating expenses, including reserve and dividends on shares.

Other variations from the type Act concern the maximum share-holding. Out of 33 State laws, in ten cases stock ownership is limited to \$1,000, in one case to \$400, and in another to \$500, in two cases to \$5,000, and in one case to \$1,000 or one-third of the shares, in several to one-fifth of the shares; sometimes there is no limit. The rule on trade with non-members also varies and it is sometimes forbidden altogether. With regard to taxation, some associations pay an annual fee of \$10 in lieu of franchise corporation or licence taxes. The bylaws frequently

provide that one or more of the directors may be appointed by a public official or commission.

A large body of case law also exists centring round the limitation of membership to agriculturists, alleged action in restraint of trade, and marketing contracts. The latter includes the actual validity of contracts, the system of liquidated damages, injunctions and other methods of restraining threatened breach of contract and the offence of inciting to breach of contract. All these judgments have, at least in recent years, tended to uphold co-operative practice. Probably the most important case has been the judgment of the United States Supreme Court in the case of the Liberty Warehouse *v.* Burley Tobacco Growers' Co-operative Marketing Association, in which the right of the Association to recover damages from a member for a breach of his marketing contract was upheld. This is the first case involving co-operation to come before the Supreme Court, and it constitutes a valuable precedent. In somewhat similar cases the courts of last resort in 26 states have upheld the validity of co-operative statutes.

Legislation of considerable importance was passed in the summer of 1929 under the name of the "Agricultural Marketing Act." In the first paragraph it is "declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilise the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products." It is proposed to do so (1) by minimising speculation ; (2) by preventing inefficiency and waste in distribution ; (3) by encouraging co-operation among producers ; (4) "by aiding in preventing and controlling surpluses in any agricultural com-

modity." For this purpose a Federal Farm Board is created, consisting of the Secretary of Agriculture and eight members appointed by the President with some regard to the representation of agricultural areas. The members of the Board are paid, and retire in rotation. The Board is authorised to designate any appropriate product as an agricultural commodity within the meaning of the Act and invite co-operative associations handling such product to form an advisory committee for that commodity to report to the Board and collaborate with it. The Board is empowered to (1) promote education in co-operative marketing; (2) encourage the formation and development of co-operative associations; (3) keep advised as to the home and foreign markets; (4) investigate over-production and advise on its prevention; (5) investigate technical improvements in agriculture and marketing. The Board is entrusted with a revolving fund of \$500,000,000 to be used for these specified purposes. Loans may be made to co-operative societies for (a) marketing; (b) construction or acquisition of marketing facilities for storing, processing, etc.; (c) formation of clearing-house associations; (d) propaganda for increased membership; (e) advances to members on goods delivered. Loans under (b) are only to be made where such facilities do not already exist at reasonable charges, either in co-operative or private hands, and may not be for more than 80 per cent. of their value, the loan to be amortisable over a period up to twenty years. The rate of interest on loans and other advances is equal to the lowest rate on any Government obligation after a certain date, and may not exceed 4 per cent. No loan or insurance agreement shall be made which is likely to increase unduly the production of any commodity of which there is usually a surplus.

The Act goes on to recognise a new form of organisation, the "stabilisation corporation," which appears to have most of the

characteristics of the co-operative pool. When it deems it desirable the Board may recognise as a stabilisation corporation any properly constituted federation of co-operative marketing societies, which thereby becomes entitled to act as marketing agency for its members and also to buy up the commodity in question from non-members, and, further, to receive loans from the revolving fund to assist in its operations. At least 75 per cent. of its profits shall be paid into a "merchandising reserve fund" until the fund has reached adequate dimensions. The remainder of profits shall go to the repayment of loans and the provision of a patronage dividend. At the request of the commodity advisory committee the stabilisation corporation may undertake to control any surplus and may obtain loans from the Board for this purpose, provided it maintains adequate reserves. The stabilisation corporation is not authorised to hold up supplies to the detriment of the home consumer. The stabilisation corporation shall submit its accounts to audit by the Board. In addition to stabilisation corporations, the Board is authorised to assist in forming clearing-house associations in co-operative form, but of which private dealers as well as co-operative associations may become members, whose functions shall be "to effect the economic distribution of the commodity . . . and to minimise waste and loss in marketing."

The Board is further authorised to enter into agreements "for the insurance of co-operative associations against loss through price decline" where coverage is not available from private agencies and other circumstances justify the step. The Board may make small advances for this purpose from the revolving fund, but these must be repaid as soon as possible from premiums. An appropriation is made for the working expenses of the Board. The Board is to collaborate with other Government services; its accounts are submitted to Government in-

spection. "Co-operative Association" is defined as an association under the "Act to authorise association of producers of agricultural products" (February 18, 1922), but, where there are no co-operative associations in a position to represent the commodity, other producer-owned and controlled associations may be admitted to the same privileges. Penalties are laid down for speculation by members and officials of the Board and for disclosures of information by these or persons connected, by co-operative associations and others connected with the working of the Act.

Consumers' societies are specially provided for in the laws of 34 states, but the provisions differ considerably from state to state. In other states they are formed under agricultural co-operative laws, general corporation laws, or occasionally as social clubs. Almost any kind of business is permitted to societies. The number of persons necessary to form a society varies from 3 to 28.

In all states but two, provision is made for societies with capital, but four provide for societies without capital (called "non-stock" societies). In some cases both a maximum and minimum capital is fixed for societies. As a rule only one type of shares is permitted, but in two states preference shares may be issued. In several states the individual shareholding is limited both by fixing the maximum and minimum single share, which may be very high, and by limiting the number of shares or the proportion of total share capital which may be held by one member. Liability is generally limited, except in some cases of "non-stock" societies, and in one instance in respect of wages owing to employees.

The rule of one-man-one-vote is general but not universal. Voting in some states is in accordance with shares, for the election of directors, or where capital exceeds \$500,000, or with patronage.

Postal and proxy voting is forbidden in some states, permitted in others. In 24 states some provision, generally compulsory, but occasionally permissive, is included, dealing with the distribution of profit in patronage dividend. The majority prescribe a fixed interest on capital, which varies between 5 per cent. and 10 per cent., also a stated contribution to reserve. Five states make compulsory an allocation to educational purposes; a few suggest bonus to employees; one permits the use of the whole of the profits for communal purposes.

In 11 states co-operation is defined, generally by a reference to patronage dividends, sometimes to the principle of one-man-one-vote. In a number of states the word "co-operative" is protected and in a few its use is made compulsory. In one case the word "farmer" is similarly protected. Voluntary dissolution of a society is effected usually by a two-thirds majority, occasionally by a bare majority. The fact that membership has sunk below the minimum figure or dividends have not been paid for a period of years furnishes grounds for dissolution in some states. In most states societies are permitted to become shareholders in one another. In 14 states societies must supply Annual Reports to a department of Government.

Miscellaneous provisions each found in only one state are (1) district meetings in the case of large societies; (2) membership contracts; (3) discrimination against the society by traders forbidden; (4) giving and taking of credit permitted to the society (an amendment to an earlier Act forbidding both); (5) annual audit by independent auditor.

It is claimed that recent amendments have extended the powers and raised the co-operative character of organisations registered under them. It is clear, however, that great confusion in practice and not inconsiderable confusion in principle still exists, and that while many excellent points have been estab-



lished, the " Co-operative " Acts of certain states apparently have very little claim to that title.

Co-operative credit as apart from State loans to marketing associations, takes the form of credit unions. These are usually urban in character. Special credit union laws exist in 32 states and have been in the main promoted by the Credit Union National Extension Bureau ; they conform fairly closely to one type. The earliest was passed in 1909 (Massachusetts), and the latest in 1929. Others are said to be in preparation.

Credit unions may be formed by a minimum of seven members (sometimes eight), all belonging to the same local or occupational group. There is an entrance fee, usually of 25 cents. Members take up shares usually at a par value not exceeding \$10. The total capital of the union is usually unlimited or a limit is fixed by the directors. The business of the society is to make short-term loans on personal security up to a limit of \$50. Loans on other security may be up to \$1,000 or an unlimited figure. In most cases unions are authorised to accept deposits, to borrow up to a fixed proportion of share capital and to invest in trust securities. Some unions also advance on mortgage. Interest on loans to members is fixed at 1 per cent. per month on balances or at the " legal " rate. Each member has one vote and no proxies are permitted. A Board of Directors (minimum number five) and credit and supervisory committee (minimum number of members three each) are elected from and by the members. In Massachusetts and Illinois, however, the two committees are elected from and by the Board. The members of committees must be volunteers and they may not borrow or endorse for borrowers to a greater amount than their interest in the society. In Massachusetts it is also provided that a decision of the Credit Committee or administrative Board may be reversed by a three-quarters vote at a general meeting, provided that this equals

half the membership of the union. At least 20 per cent. of profits must be placed to reserve, which is only divisible on dissolution; the remainder is paid out in a varying interest on shares and, usually at a lower rate, on deposits. Unions are usually open to State inspection and in all cases must submit an annual report and balance sheet to the State supervisory department. They are exempt from Federal and in most cases also from State taxation. The term "Credit Union" is not protected. The law appears to be silent on the subject of members' liability.

*Acts relating to Agricultural Co-operation.*

*United States of America.*—An Act to protect trade and commerce against unlawful restraints and monopolies ("Sherman Anti-Trust Law")—July 2, 1890.

Act to supplement existing laws against unlawful restraints and monopolies and for other purposes ("Clayton Anti-Trust Act")—October 15, 1914.

Act to authorise associations of producers of agricultural produce ("Capper-Volstead Act")—February 18, 1922.

Act to amend the revised statutes relating to the corporate powers of associations—July 1, 1922.

Act to amend the revised statutes—December 28, 1922.

Public Laws Nos. 802 and 450, 1924.

Act to create a division of co-operative marketing—July 2, 1926.

Act to prevent discrimination against Farmers' Co-operative Associations by Boards of Trade and similar organisations and for other purposes—March 4, 1927.

Agricultural Marketing Act, 1929.

*Alabama.*—\* Laws of Special Session, No. 31—October 29, 1921.

Article 39, Agricultural Code—October 1, 1927.

*Arizona.*—\* Session Laws, Chapter 156—March 22, 1921.

Act to amend Sections 4, 5, 6, 7, 8, 12 and 15 of Chapter 156, laws of 1921—March 16, 1927.

*Arkansas.*—\* General Acts No. 116—February 14, 1923.

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\* Adoption of the Standard Marketing Act.

*California*.—No. 1231. Act to amend sections of the Civil Code relating to Co-operative Associations—May 26, 1921.

No. 590.—Act to amend the Act of 1872 relating to non-profit Co-operative Agricultural, Viticultural and Horticultural Associations—May 26, 1921.

\* No. 103.—Law on Co-operative Associations—May 4, 1923.

No. 165, No. 166, No. 168.—Acts to amend sections of the Civil Code relating to Co-operative Associations—May 6, 1927.

*Colorado*.—Act relating to Co-operative Associations—April 30, 1913.

Act concerning corporations and amending statutes of 1908, 1911, 1915—April 4, 1919.

Act to amend the Act of 1915—April 7, 1921.

\* Act authorising the formation of Non-profit Co-operative Associations—March 20, 1923.

*Connecticut*.—Act concerning the regulation of Fraternal Benefit Societies—June 7, 1913.

No. 1056, Co-operative Associations, 1918.

No. 2746, Co-operative Associations, 1919.

\* Act relating to Co-operative Marketing Corporations—June 1, 1923.

Act to amend an Act concerning capital stock of Co-operative Corporations—May 9, 1923.

Act amending an Act concerning voting of members of Co-operative Associations, 1925.

*Delaware*.—Act to amend Chapter 65 of the revised code (Corporation Laws)—March 20, 1917.

*Florida*.—Act for the organisation and management of the Agricultural and Horticultural Non-profit Co-operative Associations 1920 amended, 1925.

\* Laws, Chapter 9300—June 7, 1920.

*Georgia*.—Acts, pp. 125-9—August 17, 1920.

\* Act No. 279—August 15, 1921.

Acts, p. 150, 1925.

Act on Credit Unions, 1925.

Michies Georgia Code 2928 (1), 2928 (41), 1926.

*Idaho*.—Compiled Statutes Chapter 195. Non-profit Co-operative Associations, 1919.

\* Session Laws, Chapter 124—February 25, 1921.

Session Laws of 1921 amended by Chapter 179. Session Laws, 1923.

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\* Adoption of the Standard Marketing Act.

*Illinois*.—\* Laws, p. 286 (Senate Bill 165)—June 21, 1923.  
Smith Hurd's Rev. Stat., Chapter 32, 440-472, 1926-1927.

*Indiana*.—\* Acts, Chapter 20—February 23, 1925.  
Burn's Ann. Stat., Chapter 3662-3691, 1926.

*Iowa*.—Beef Cattle Producers' Association, 1919.  
Corn and Small Grain Growers' Association, 1919.  
State Dairy Association, 1919.  
Act relating to State aid granted country and district fairs or Agricultural Societies—April 8, 1919.

\* Laws (41a), Chapter 122—April 5, 1921.

Act on Credit Unions—April 1, 1925.  
Iowa Code, 8486-8512—1924, amended 1927.  
Revised Co-operative Banking Law—July 4, 1927.

*Kansas*.—\* Laws, Chapter 148—March 21, 1921.  
Rev. Stat. 17, 1601; 17, 1625, 1923.  
Law relating to Boards of Trade, Chapter 6, 1925.

*Kentucky*.—Act providing for the formation and carrying on of Co-operative Associations, 1918.

\* Acts, Chapter 1—January 10, 1922.

Act to provide for the establishment of Credit Unions—March 24, 1922.

*Louisiana*.—Law No. 98, 1918.

\* Act to authorise the formation of associations of producers of agricultural products—July 13, 1922.

*Maine*.—\* Act authorising the formation of Non-profit Co-operative Associations, with or without capital stock, for the purpose of encouraging the orderly marketing of agricultural products through co-operation—March 24, 1923.

Act to amend the revised statutes relating to the apportionment of State aid to County and Local Agricultural Societies—April 4, 1923.

Act to encourage co-operative marketing—April 4, 1923.

Act to amend certain Acts relating to Corporations—April 10, 1925.

Act relating to Corporations—May 9, 1923.

Act to authorise the recording of marketing agreements of Co-operative Agricultural Associations—April 11, 1925.

*Maryland.*—\* Laws, Chapter 197 (Code of Public General Laws, Art. 23, 469-496)—April 13, 1922.

Annotated Code, Art. 23, 419-446, 1924.

Act to amend the Co-operative Associations Acts, Chapter 648—April 26, 1927.

*Massachusetts.*—Act relating to Credit Unions—1909.

Act relative to the incorporation and management of Co-operative Associations with a capital stock not exceeding \$1,000—April 7, 1913.

Act to facilitate rural credits and enlarge the powers of Credit Unions—April 28, 1914.

Act to authorise counties to aid corporations organised to promote agriculture and improve country life—June 25, 1914.

\* Acts, Chapter 438, 4—May 23, 1923.

General Laws, Chapter 157, 10-18, 1923.

Act amending the Act of 1923, 1927.

*Michigan.*—General Corporation Laws, Chapter 4, 1922.

Act to amend the "Act to authorise the formation of County and Town Agricultural and Horticultural Societies, 1855," as amended 1923.

Amendment to General Corporation Laws, Chapter 4, 1927.

*Minnesota.*—Act authorising the formation of corporations for reclaiming timber and brush land—April 20, 1917.

Act to amend Section 6487 of Chapter 58 of the general statutes, 1913, relating to Co-operative Associations—March 21, 1919.

Act authorising the incorporation of Co-operative Associations and defining their powers—April 23, 1919.

Act amending the Act on Co-operative Associations—February 8, 1921.

Act providing for assistance and auditing of Co-operative Associations by the Commissioner of Agriculture—February 24, 1921.

Act relating to the renewal of Co-operative Associations—April 8, 1921.

Law of 1919, Chapter 382, amended Chapter 23, 1921, and Chapter 326, 1923.

\* General statutes, Chapter 264—April 16, 1923.

Act on Credit Unions—April 14, 1925.

Laws, Chapter 23, 25, 66, 1927.

*Mississippi.*—\* Laws, Chapter 179—March 2, 1922.

Hemingway's Code, 4423-4451, 1927.

Agricultural Association Law, 1928.

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\* Adoption of the Standard Marketing Act.

*Missouri*.—Co-operative Companies Act—April 9, 1921.

Co-operative Companies Act amended—April 5, 1923.

\* Laws, (C.S. H.B., 439) p. 11—April 9, 1923.

Co-operative Companies Act amended—March 25, 1925.

Credit Union Law—April 5, 1927.

*Montana*.—Act to regulate the use of the word "Co-operative," etc.—March 1, 1917.

Act to permit Co-operative Associations to consolidate their interests and capital stock—March 2, 1917.

Revised Code, Chapter 27, 1921.

\* Laws, Chapter 233—March 3, 1921.

Amendment to the Act of 1921, 1923.

Act providing for the filing of Co-operative Association Marketing Agreements, etc.—February 24, 1927.

*Nebraska*.—Compiled Statutes, Sections 642-670, 1922.

\* Amended Session Laws, Chapter 79—March 13, 1925.

Amended Session Laws, pp. 201-3, 1927.

*Nevada*.—Act to amend the Act to provide for the management of the State Agricultural Society, 1885—February 20, 1915.

\* Statutes, Chapter 236—March 23, 1921.

Act relative to Credit Unions—March 29, 1921.

*New Hampshire*.—\* Laws, Chapter 33—March 19, 1925.

*New Jersey*.—Act amending the Act concerning Trust Companies (Revision, 1899)—April 7, 1920.

Act amending the Act concerning Corporations (Revision 1896, supplement approved 1902)—April 9, 1920.

Act to provide for the formation and regulation of Co-operative Agricultural, Dairy or Horticultural Associations—April 12, 1920.

Act amending the Act of 1920—February 23, 1922.

\* Laws, Chapter 12, Act to provide for Co-operative Agricultural Associations—February 28, 1924.

Act repealing the Act of 1920—1924.

Comp. Stat. Supp. 1911-1924, 45-19-45-48.

*New Mexico*.—\* Laws, Chapter 99—March 17, 1925.

Act on recording of marketing agreements—March 11, 1927.

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\* Adoption of the Standard Marketing Act.

*New York*.—Provisions of Membership Corporations Law relating to Co-operative, Agricultural, Dairy or Horticultural Associations, 1919.

\* Laws, Chapter 616—May 5, 1924.

Co-operative Co-operations Law—April 5, 1926.

Act to amend the Co-operative Corporations Law—April 23, 1926.

Further amendments, February 3, 1927 and January 4, 1928.

*North Carolina*.—Act relating to Credit Unions, 1915.—Amended 1917 and 1925.

Act to provide for the incorporation of Mutual Organisations—1915, amended 1925.

Act to provide improved marketing facilities for cotton, 1921.

\* Public session laws, Chapter 89—March 7, 1921.

*North Dakota*.—Act to define Co-operative Associations—March 10, 1915.

Act regarding the incorporation of Co-operative Associations—March 12, 1917.

\* Session Laws, Chapter 43 and 44—March 10, 1921.

Comp. Laws. Supp. 460921-460923, 1923-25.

*Ohio*.—Act to amend the General Code relative to Country Agricultural Societies—May 15, 1919.

\* Laws, p. 91 (Ohio Gen. Code—10186-1-30)—April 13, 1923.

Law amending the law of 1923, 1925.

*Oklahoma*.—Co-operative Corporations Act, 1919.

\* Co-operative Associations Act—March 19, 1927.

Comp. Stat. Supp. 5598-5621, 1926.

*Oregon*.—Laws, Chapter 226, 1915; Chapter 411, 1917; \* Chapter 490, 1921.

*Pennsylvania*.—No. 252.—Laws, 1887.

No. 238—Co-operative Law, 1919.

Act regarding Agricultural and Horticultural Societies and Associations—April 18, 1923.

Acts No. 385-386, 1927.

*Rhode Island*.—Law on Co-operative Associations, 1916.

*South Carolina*.—Act to encourage Co-operative Marketing of Farm Products—March 7, 1921.

\* Act No. 203—March 29, 1923.

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\* Adoption of the Standard Marketing Act.

*South Dakota*—Co-operative Law, 1911.

Co-operative Associations Law, 1913, 1917, 1919.

\* Laws, Chapters 15 and 126—February 27, 1923.

Co-operative Marketing Act—March 5, 1925.

*Tennessee*.—\* Co-operative Marketing Act—March 31, 1923.

Co-operative Associations Supplement to Code (Chapter 142, Laws of 1917), 1926.

Credit Unions Supplement to Code (Chapter 60, Laws of 1923), 1926.

*Texas*.—Act regulating Co-operative Saving and Contract Loan Companies—May 27, 1915.

\* Act regarding Co-operative Marketing Associations—March 1, 1921.  
Law, Chapter 38, 1923.

Rural Credit Organisations, 1925.

Agricultural Livestock Pools, 1925.

Mutual Loan Corporations, 1925.

Co-operative Credit Associations, 1925.

Farmers' Co-operative Societies, 1925.

Markets and Warehouse Corporations, 1925.

Marketing Associations, 1925.

*Utah*.—\* Laws, Chapter 6—February 8, 1923.

*Vermont*.—General Laws, Chapter 210, Section 4897, 1917.

No. 100.—Act to amend the law relating to Co-operative Savings and Loan Associations—March 22, 1923.

*Virginia*.—\* Acts of Assembly, Chapter 48—February 18, 1922.

Act to amend the Act of 1922, 1923.

Co-operative Associations Act, 1924 (Acts, 1920).

Credit Unions Act, 1924 (Acts, 1922).

*Washington*.—Law on Co-operation Associations, 1913.

Act relating to Rural Credit Associations.

\* Co-operative Marketing Act—March 18, 1921.

*West Virginia*.—Co-operative Marketing Associations Act, 1921.

\* Act amending the Co-operative Marketing Act of 1921—April 18, 1923.

Act to amend the Co-operative Marketing Act, 1925.

Credit Unions Act, 1925.



*Wisconsin*.—Statutes 1786 el-17a, 1921.

Act regarding Corporations for breeding of livestock, 1923.

Act regarding Agricultural Societies, etc., 1923.

*Wyoming*.—Co-operative Associations Act—March 10, 1915.

\* Sessions Laws, Chapter 83—March 1, 1923.

*Acts relating to Consumers' Co-operation.*†

*Alabama* (stock—Code, 1923, secs. 7047-7056; non-stock—Code, 1923, secs. 7057-7061).

*Alaska* (Acts of 1917, ch. 26).

*Arkansas* (Acts of 1921, No. 632).

*California* (Civil Code, 1906, sec. 653a-1, as amended by Acts of 1921, ch. 170).

*Colorado* (Comp. Laws, 1921, secs. 2413-2417).

*Connecticut* (General Stats., 1918, secs. 3600-3609, as amended by Acts of 1919, ch. 96; Acts of 1921, ch. 115; Acts of 1923, ch. 110; and Acts of 1925, ch. 227).

*Florida* (Comp. General Laws, 1927, secs. 6385-6390).

*Illinois* (Rev. Stats. 1917, ch. 32, secs. 103-128, 233-259, as amended by Acts of 1917, pp. 303, 304).

*Indiana* (Burns' Ann. Stats., 1914, sec. 4359a-4359e).

*Iowa* (Code of 1927, ch. 389, as amended by Acts of 1929, chs. 15, 18, 398).

*Kansas* (Rev. Stats., 1923, secs. 17-1501 to 17-1515).

*Kentucky* (Carroll's Kentucky Stats. (Baldwin's Rev.), 1930, secs. 883d-1 to 883d-9).

*Massachusetts* (General Laws, 1921, ch. 157).

*Michigan* (Comp. Laws, 1922, ch. 175, secs. 9053 (78)-9053 (96).

*Minnesota* (General Stats., 1923, ch. 58, secs. 7822-7847).

*Missouri* (Rev. Stats., 1919, secs. 10247-10262, as amended by Acts of 1919, p. 270; Acts of 1925, p. 145; Acts of 1929, p. 334).

*Montana* (Rev. Codes, 1921, ch. 25, secs. 6375-6396).

*Nebraska* (Comp. Stats. 1922, secs. 642-648, as amended by Acts 1925, ch. 79).

*Nevada* (Rev. Laws, 1912, secs. 1249-1260).

*New Jersey* (Comp. Stats., 1910, pp. 1580-1584).

*New York* (stock—Acts of 1913, ch. 454, as amended by Acts of 1920,

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\* Adoption of the Standard Marketing Act.

† In some case the acts are the same as those relating to agricultural co-operation. They have, however, been included in the above list.

chs. 104 and 591 ; Acts of 1921, ch. 359 ; Acts of 1926, ch. 231, art. 7 ; non-stock—Acts of 1920, ch. 166, art. 21, as amended by Acts of 1926, ch. 231, art. 5).

*North Carolina* (Consol. Stats., 1919, secs. 5242–5259).

*North Dakota* (Acts of 1921, ch. 43).

*Ohio* (General Code, 1910, secs. 10185, 10186).

*Oklahoma* (Comp. Stats., 1921, secs. 5637–5652).

*Oregon* (Olson's *Oreg. Laws*, 1920, secs. 6954–6981, as amended by Acts of 1929, ch. 412).

*Pennsylvania* (Stats., 1920, secs. 5520–5542, as amended by Acts of 1923, No. 404 ; Acts of 1929, Nos. 211, 215).

*South Carolina* (Civil Code, 1922, secs. 4331–4343).

*South Dakota* (Rev. Code, 1919, secs. 8839–8853, as amended by Acts of 1919, ch. 140 ; Acts of 1921, ch. 153 ; Acts of 1923, chs. 127 and 131 ; Acts of 1929, ch. 89).

*Tennessee* (Thompson's Shannon's Code, 1919, secs. 2186–2188).

*Vermont* (General Laws, 1917, title 25, sec. 4897, as amended by Acts of 1929, No. 81).

*Virginia* (Ann. Code, 1919, secs. 3855, as amended by Acts of 1928, ch. 166).

*Washington* (stock—Acts of 1913, ch. 19, as amended by Acts of 1925, ch. 99 ; non-stock—Remington and Ballinger's Code, secs. 3752–3764).

*Wisconsin* (Wisconsin Stats., 1923, secs. 185.01–185.23, as amended by Acts of 1925, ch. 181 ; Acts of 1928, 1929, ch. 527).

*Wyoming* (Comp. Stats., 1920, secs. 5119–5134).

#### *Acts relating to Credit Co-operation.*

Alabama, 1927.	Massachusetts, 1909	Oregon, 1915
Arizona, 1929.	(amended 1914).	(amended 1929).
California, 1927.	Michigan, 1925.	Rhode Island, 1914.
Florida, 1929.	Minnesota, 1925.	South Carolina, 1915.
Georgia, 1925.	Mississippi, 1924.	Tennessee, 1923.
Illinois, 1925.	Missouri, 1927.	Texas, 1913
Indiana, 1923.	Montana, 1929.	(amended 1929).
Iowa, 1925.	Nebraska, 1919	Utah, 1915
Kansas, 1929.	(amended 1927).	(amended 1929).
Kentucky, 1922.	New Hampshire, 1921.	Virginia, 1921.
Louisiana, 1924.	New Jersey, 1924.	West Virginia, 1925.
Maryland, 1929.	New York, 1913.	Wisconsin, 1913
	North Carolina, 1915.	(amended 1929).

## PHILIPPINE ISLANDS

An Act regulating rural credit associations, passed in 1915, was amended in the following year to transfer the Government supervision over associations from the Executive Secretary to the Director of Agriculture. The agricultural credit co-operative associations formed under the Act, have as their permanent aim the accumulation of funds through co-operation in order to extend to their members credit on reasonable terms for exclusively agricultural operations, and to encourage thrift, activity and punctuality in meeting obligations. Co-operative associations are, however, incorporated under an earlier Act known as the Corporation Law. The operations in which an association may engage are as follows : (a) to open credit accounts with members, the loan obtained to be invested only in their farming operations ; (b) to open current accounts, with interest, with members only ; (c) to obtain or buy seeds, fertilisers, chemical preparations for the extermination of plant pests, machinery, farm implements and draught animals, to be sold to the members ; (d) to obtain loans and receive deposits in order to increase the working capital.

Three kinds of securities may be accepted by the associations : (1) Personal guarantees or security, which consists of a bond signed by two or more persons who are known to be solvent and who at the time the application is made are residents of the locality. (2) Pignorative guarantee or security, which consists in the pignoration in favour of the association, of the borrower's shares, pending harvest or stored crops, machinery, farm implements, draught implements, etc. (3) Mortgages, which consist in a first mortgage on real estate free from incumbrances.

The most commonly used is the personal security, as it is easy to obtain, and the majority of members do not hold a bankable title to their land on which they could secure a loan ; also the

personal security has the advantage of being backed by the known credit of the sureties in the commercial world of the community. An applicant for a loan must be a shareholder of the association and satisfy the directors that he owes no debt to his proposed sureties or to the association. No director can vote on any loan applied for by him or by any of his relatives or act as surety, guarantor or endorser for any loan where the approval depends upon the Board of which he is a member. The interest collected on loans cannot exceed 10 per cent. and the term of the loan more than one year, although in certain cases the directors may extend this term by annual renewals for a total period of not more than five years. The construction of the law makes it clear that a loan is a privilege, depending on the discretion of the directors, and not an inherent right of the borrower.

The main sources of the working capital of these associations are shares and undivided profits, as well as deposits at 6 per cent., both at short notice and for fixed periods. Rural credit associations are financed by subscribed shares, the liability of the holders being limited. Members also pay a small entrance fee. Upon the incorporation of an association, the number of shares it is authorised to sell to its prospective members is set forth in its incorporation papers, also the number of shares bought by the members. No member or shareholder is allowed to make partial payments of the value of the share, nor sell, convey or pledge his shares without the consent of the Board of Directors. With the exception of the Reserve Fund, which cannot be disposed of without the express authority of the Secretary of Agriculture and Natural Resources and upon the recommendation of the Director of Agriculture, all the funds of the association can be invested in loans to the members or in other purposes specified by law.

Applicants for membership have to submit their qualifica-

tions, which are closely examined by the directors. The principle of one-man-one-vote is also provided for in the Act. Shares, which are generally 2 pesos and cannot exceed 5 pesos, are withdrawable, provided the economic stability of the association will not be impaired. If the withdrawal of shares is approved, the association must reimburse the value of the share, together with the dividends it may have carried. No member is allowed to hold more than 500 pesos shares.

The Board of Directors is empowered to administer the funds of the association, to invest them in accordance with its purpose, to approve or disapprove any application for loans or for extension of the same, and to represent the association in its transactions with any person or entity. The Board is composed of five members, two of whom are elected in even-numbered years and the other three in odd-numbered years. The president and secretary are selected from among the directors, and with the exception of the secretary, who may receive an honorarium when the financial conditions of the association permit and subject to the approval of the Director of Agriculture, the directors receive no remuneration. The Director of Agriculture is the general supervisor and legal adviser of all associations and receives annual reports of the work done.

The treasurer of associations has up to the present time, under a section of the Act, been the municipal treasurer in charge of the collection of taxes and assessments, but it is proposed to amend this provision in forthcoming legislation. At the general meeting held annually for discussion of the balance, liquidation and distribution of dividends and election of directors, the shareholders also constitute themselves into a court for considering any maladministration of the affairs of the association, and can, after hearing the merits of the case, remove any responsible officer who may be found guilty. In these general assemblies bylaws

are adopted regulating the business of the associations, copies of which must be filed with the Government.

The rate of dividends distributed annually cannot exceed 8 per cent. In many associations the dividends are distributed not in cash, but in share certificates, in order not to deplete the working capital.

No corporation in the Philippines can exist for over fifty years, and the rural credit associations are subject to this limitation. The law provides several ways by which an association may be dissolved. (1) Voluntary dissolution: by a resolution of the stockholders in general assembly, by a vote of two-thirds of all the members in a regular or special meeting called for this purpose. (2) Involuntary dissolution: (a) By a decree of the court of first instance, when in the opinion of the court the business of the association is being carried on in a fraudulent way or is injuring the public or any private individual. (b) By the bankruptcy or insolvency of the association.

Associations having less than 10,000 pesos capital are exempt from taxation. Considerable State advances have been made both by means of the "Rice and Corn Fund" originating in the War period of scarcity and through advances from the Philippine National Bank, dating from 1921.

An Act passed in 1927 contains a clause forbidding co-operative associations to act in restraint of trade by "arbitrarily fixing or unduly enhancing the price of agricultural products."

Act regulating the creation and operation of Rural Co-operative Associations and for other purposes—February 5, 1915.

Act amending regulating Rural Credit Agricultural Co-operative Associations—February 3, 1916.

Act authorising the organisation of certain banks—March 8, 1924.

Act amending the Rural Agricultural Credit Act—March 8, 1924.

Co-operative Legislative Enactment, 1927.

## URUGUAY

AN Act was passed in 1912 providing for the formation of rural credit banks by agriculturists for the purpose of making advances to members and assisting them in production, processing and marketing. The services of credit banks are confined to members and they are forbidden to make commercial profits. The minimum membership is 10, all of whom must live in a defined district. Shares are subscribed and paid up to a minimum of 25 per cent. They are transferable with the consent of the bank and withdrawable provided capital is not reduced below foundation level. Liability may be limited, unlimited or with contingent liability. The society is controlled by a management committee and a supervisory committee which carries out a quarterly audit. Both these are elected by the general meeting, at which all members have equal votes. The bank enjoys legal personality; an annual report and balance sheet must be submitted to a Justice of the Peace; the bank is regarded as a commercial society and must keep books of the type proscribed by the commercial code. The bank is exempted from taxation on any of its activities. It is inspected and audited by the Rural Credit Section of the Bank of the Republic, and is entitled to receive loans from it.

Banks derive their resources from entrance fees and shares; from deposits both on savings and current account received from members and non-members up to a total of 500 pesos per depositor; from discounting bills; from loans and advances by the Rural Credit Section. Loans to members are made up to 200 pesos without security and up to 1,000 pesos with security for a term of one year with the possibility of renewal. They must be for an agricultural object and the bank may not charge a commission of more than 2 per cent. Banks may also themselves

handle collective loans for the construction of warehouses, installation of machinery. They may carry on business for rural syndicates and receive deposits or they may constitute themselves as rural syndicates for the purposes of promoting agricultural interests including the formation of productive, marketing, insurance, thrift and pension societies. No profits may be distributed. All surplus is allocated to reserve till the latter equals 50 per cent. of the share capital, after which it is used for some collective purpose. A bank is liquidated if it fails to comply with the law, if membership falls below 10 or if, in the case of a bank with limited liability, capital is reduced by half through losses.

An Act of the same year constitutes the Rural Credit Section of the Bank of the Republic, which acts as Registrar; encourages and supervises local banks; lends at short term to banks (in the case of those with limited liability up to a total of twice that liability), also at long term for purposes of collective works and on mortgage to individual members of banks. The maximum interest on loans to banks is  $4\frac{1}{2}$  per cent. and to individuals on mortgage 6 per cent.

There have been a few amendments.

\* Law and decree organising Rural Banks and Syndicates to receive credit from the State Bank—January 18, 1912.

Law creating a section for Agricultural Credit and Rural Banks in the Bank of the Republic—January 19, 1912.

Decree making regulations under the above law—November 16, 1912.

Decree authorising the council and administration of the National Institute of Agronomy to organise a model Co-operative Dairy—January 12, 1915.

Law establishing a National Commission of Rural Development—August 15, 1915.

Law on Agricultural Development Societies—July 20, 1918.

Act establishing the regulations governing National and Foreign Companies—February 26, 1919.



Law on Commercial Societies—April 5, 1921.

Resolution authorising a contribution for the establishment of a Dairy Co-operative Society to the Salto Agricultural Station—December 17, 1926.

Resolution authorising the Minister of Industry to make a contribution to agricultural co-operatives providing themselves with apparatus for seed selection—January 5, 1927.

Law on Insurance and Pension Funds (includes Rural Banks)—November 1, 1931.

## YUGOSLAVIA

CO-OPERATIVE societies in Yugoslavia appear to operate in large measure under the laws of the states from which Yugoslav territory has been derived. It was stated some time ago that a general Co-operative Act was in preparation, but the only law which appears to have actually been passed is one dealing with agricultural credit (1925).

Membership of credit societies is not confined to agriculturists, but only these may obtain loans. The minimum membership is 20, all of whom must belong to the same district. Liability may be limited or contingent, that is up to not less than 10 times the value of shares. Capital is derived from shares which may not be of less than 100 dinars. Interest may not exceed that paid on deposits. Shares must be one-quarter paid up on formation and a member's shares must be fully paid up before he can receive credit. Loans may be short or medium term, the former secured by pledge of title deeds guaranteed by the State, the latter by similar pledge or by chattel or land mortgage. Interest must be higher than that paid on share capital, but may not be 4 per cent. above the discount rate. Deposits may be accepted from members and non-members and the societies may also borrow from provincial federations to which they are affiliated on the security of their own bonds and those of their members.

An annual balance sheet is drawn up and all profits are paid to reserve. Dissolution takes place on insolvency, when membership is reduced below 15, or by order of Parliament. Assets pass to the provincial federation until the formation of a new society. Existing farmers' associations and co-operative societies may conform to the law and secure its privileges.

Provincial agricultural credit societies are federations of local societies and central agricultural associations. They are administered by a committee consisting partly of elected representatives, partly by official and other representatives. Besides short- and medium-term loans, long-term loans on mortgage security are granted by the provincial federations to local societies for their members. These are repayable in half-yearly instalments over a period of twenty-five years; interest is the same as the discount rate of the National Bank. The Provincial Federations receive besides members' deposits allocations from the Department of Agricultural Credit and the Provincial Administrations; three-fourths of the net profits are placed to the reserve fund; one-fourth is used for the upkeep of agricultural schools to popularise agricultural credit and to improve agriculture.

A specially constituted department of agricultural credit has power to make regulations governing societies under its control. It is officially composed, and disposes of considerable State funds. The maximum rate of interest on short- and medium-term loans to provincial federations is 4 per cent. and the minimum on long-term loans 3 per cent. Loans may also be made to co-operative societies for production and marketing and for electrical development at 4 per cent. They must be secured by mortgage. Collective long-term loans may also be made to credit societies on the joint and several liability of their members. Up to 15 per cent. of the total credits granted may be in short- and medium-

term loans to co-operative societies. Of the profits three-quarters must be placed to reserve and the remainder used for educational purposes.

This Act was not put into operation for some time as it threatened to create confusion with existing co-operative institutions. The present position is obscure.

A later Act authorised associations of colonists to apply for loans through their unions to the Ministry of Agrarian Reform.

*Austria*.—Law on Co-operative Credit Societies—1882.

Law on Raffeisen and other Societies—1873.

Decree on the inspection of Co-operative Societies—1903.

*Hungary*.—Revised Commercial Code—1875.

Law on Co-operative Credit Societies—1898,

Law on agricultural credit—June 17, 1925.

Regulations concerning the registration of associations founded under the Agricultural Credit Law—October 21, 1927.

Decree modifying the law of May 20, 1922, on loans without interest made to Co-operative Associations of voluntary colonists, agriculturists and others interested in the Agrarian Reform—March 30, 1928.

Law modifying and completing the law on the Privileged Agricultural Bank—February 25, 1930.

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